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Paris, Friday, January 8, 1999

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A Day of Historic Gravity

Senate Opens Impeachment Trial of Clinton

White House Seeks to Bar Witnesses

By Brian Knowlton International Herald Tribune

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The World's Daily Newspaper

WASHINGTON - The Senate trial of President Bill Clinton was formally opened Thursday as 100 senators raised their right hands and swore before the chief justice of the United States to "do impartial justice" in the second presidential impeachment trial in the history of

the state of the state of the republic.

They are charged with determining whether charged with the charged w Mr. Clinton committed perjury and obstructed justice in seeking to conceal his relationship with a young intern, Monica Lewinsky - and if so, whether he should be removed from

> The White House looked on with grave concern as the schedule and broad outlines of the impeachment trial were still being debated even after the swearing-in and as Chief Justice William Rehnquist adjourned the trial until next Thursday.

> You cannot have a process that's fair to someone involved in that process where the rules get made up as you go," said Joe Lockhart, the president's spokesman.

> The Republican leadership was putting the finishing touches on a plan that would permit the calling of witnesess — including certainly Ms. Lewinsky — but the White House warred sharply that if witnesses were called, any effort to contain the trial's length would be futile and any attempt to maintain a bipartisan tone would

"If they insist on bringing witnesses," Mr. Lockhart said, "it will significantly extend and delay this process and all bets are off."

Republicans had urged all 100 senators to

meet after the swearing-in for a rare private session in the Old Senate Chamber to seek a compromise on the conduct of the trial. It would then be outlined in an official summons to be sent to the White House.

But underscoring the sharp partisan divisions that have characterized the process since it began in the House, Democrats declined the

The Senate majority leader, Trent Lott of Mississippi, continued to seek support for a plan calling for a full trial to be opened with arguments from the House prosecutors and the

Chief Justice Rehnquist is a controlling presence. Page 2. • Hot trial tickets. Page 2. • Republicans sour on censure. Page 3.

White House, but with no decision until afterward about whether to allow witnesses. The process presumably would end in final votes on each impeachment charge, votes that Mr. Clinton is expected to survive.

'Let's begin to hear the case and we'll make decisions as we go forward," the Mississippi Republican told reporters after the articles were read. "I'm not sure that you can preordain or lock in everything that will happen down the line." He said he hoped to complete a proposal by the end of the day.

The assistant Republican leader, Don Nickles of Oklahoma, said the trial "would hopefully be wrapped up by Feb. 5 and no later than Feb. 12, and frankly it could be done much

See CLINTON, Page 3



The House Judiciary Committee chairman, Henry Hyde, at the lectern, and House managers on the floor of the Senate on Thursday.

AGENDA

New Turkish Role On World Stage

Once a bashful actor on the March Constant Co. flexing its muscle whenever it feels the need. In a series of blunt warnings of economic pressure and even military strikes, Turkish leaders are using their growing power to achieve what they consider vital policy goals. Although the country has been without a functioning govemment for the past six weeks, its newfound assertiveness in foreign policy is likely to continue no matter who emerges as the next prime



RESIGNING — Abdul Rahim Noor, who resigned his post Thursday as Malaysia's inspector general of police over the Anwar Ibrahim case. Page 4.

Freetown Cease-Fire

President Ahmad Tejan Kabbah Sierra Leone said Thursday that he and the rebel leader Foday

Crossword	Page 9.
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Sankoh had ordered a cease-fire in Freetown, but a rebel commander said he had doubts that the rebel leader had issued the order. Page 2.

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The Success of the Euro Tempts the 3 Holdouts

Interest Grows in Sweden, Denmark and Britain

By Tom Buerkle International Herald Tribune

LONDON - Far sooner than expected, the smooth launch of the euro this week is encouraging countries on the outside to consider jumping on the bandwagon.

Speculation about Sweden's entry into the euro zone swept the country's financial markets Thursday after Prime Minister Goran Persson said his governing Social Democratic Party should make an early decision on whether to join the single currency.

Mr. Persson's comments in an in-

terview late Wednesday followed a strong pro-euro statement from Prime Minister Poul Nyrup Rasmussen of neighboring Denmark last week. Both provided clear evidence that the currency's strong debut was heightening fears of economic and political marginalization among countries outside the economic and monetary union.

There were also signs of a decisive shift in public opinion in both countries. An opinion poll published Thursday in Denmark showed a majority of respondents supported joining the euro, the first such poll result there.

"There is a certain amount of panic among europhiles in the 'out' countries about getting in," said Mark Cliffe, the senior European economist at the ING

Barings investment bank in London. Mr. Persson said the Social Democrats should hold a special congress early next year, more than a year ahead of previous plans, to decide whether to support entry into the euro zone, a decision that could lead to a national ref-

erendum that year. "They are preparing the party, and public opinion, to enter EMU," or economic and monetary union, said Mats Nyman, chief economist at Svenska Handelsbanken. He estimated the likelihood of Swedish entry by 2002, the year euro notes and coins are to be introduced, to be "at least 75 percent."

In Britain, meanwhile, debate about the euro also appeared set to intensify as banks in the City of London warm to the new currency and the government pre-pares to publish a changeover plan in coming weeks outlining how Britain would introduce the enro if it decided to join. One senior Labour member of Parliament this week publicly urged the government to abandon its wait-and-see stance and give a clear timetable for

So far, Prime Minister Tony Blair has shown no such inclination. In addition to his usual caution regarding the euro, the government has been shaken by a string of resignations in the past two

See EURO, Page 10



A trader celebrating in Hong Kong on Thursday as the market rallied.

Bank of England **Cuts Rate Again**

For the fourth time in as many months, the Bank of England lowered a key interest rate Thursday as Britain's economy contin-ued its slide toward much-feared recession. Page 11.

Obuchi Calls for Currency Cooperation

Japan's Leader Seeks a 'Tripolar' System to Keep Up With Dollar and Euro

By Alan Friedman nional Herald Tribune

As Tokyo scrambled to keep its currency from becoming an also-ran, France and Japan on Thursday jointly called for the Group of Seven leading industrial democracies to agree on reforms of the global monetary system that they said would stabilize exchange rates of the euro, yen and dollar.

On the first day of a weeklong swing through Europe, and as the dollar touched a 27-month low against the yea. Prime Minister Keizo Obuchi of Japan joined President Jacques Chirac of in the international monetary system. The

France in calling in Paris for new co-operation with other members of the emerging-market nations. Group of Seven to establish a "new framework for mutual cooperation" on

currency markets. "Further stability of foreign-exchange markets is of key importance not only to each of our economies but also to the entire world economy," the two leaders said in a statement.

Mr. Chirac also called for a summit meeting, possibly in the autumn in Paris. of the more than 20 member countries in the Interim Committee of the International Monetary Fund to agree on reforms

emerging-market nations.

The two leaders stopped short of en-

dorsing Germany's recent suggestions of a system that would create target bands within which the yea, the euro and the dollar would fluctuate. But an aide to the French president said the case for reform of the world currency system would be made by Mr. Chirac on Feb. 19 when he met with President Bill Clinton at the White House.

In Washington, however, U.S. officials are uncertain what the rhet- corporate earnings.

See YEN, Page 17

Investors Buoy Markets But Analysts Say 'Reckoning' Still Must Come By Mark Landler New York Times Service HONG KONG — The bulls stampeded across Asia on Thursday, as stock markets from Seoul to Singapore registered powerful gains. But rather than cheer the frothy performance, many analysts here are alarmed by the growing disparity between the buoyant markets and Asia's still-sinking econo-

From Seoul to Jakarta,

Several experts warned that the region could face a jolting retrenchment when investors finally stop for a reality-

"We certainly don't think this rally will extend beyond the second quarter, said Michael Sargent, the head of Asia-Pacific equity research at Salomon Smith Barney in Hong Kong. "Asia hasn't had its day of reckoning yet."

On Thursday, though, investors behaved as though the Asian crisis was a mere memory. Emboldened by recordsetting gains in the United States on Wednesday, they poured money into shares in Hong Kong, Jakarta, Seoul, Singapore, Taipei, and Manila. Shares in Jakarta leaped more than 7 percent, Hong Kong and Seoul each rose 4 per-cent, and Singapore jumped 3.6 per-

Tokyo's Nikkei index registered a more modest 0.51 percent gain, while shares in Bangkok and Kuala Lumpur closed down slightly.

Analysts said those results, which followed robust gains Wednesday, reflected a recognition that the region's markets are out of sync with the underlying economies.

In most of Asia, however, investors have barely paused to catch their breath since shares first began moving up last September. The region's markets have sustained the rally in the face of a re-lentless stream of dismal economic news, a feat that has left economists and

portfolio managers here baffled. "I'm really ready to throw in the towel and say, 'Nothing matters any-more but positive investor sentiment,' said Mac Overton, a portfolio manager at MBF Unit Trust in Hong Kong. "The stock market has continued to increase despite three straight quarters of lower

See ASIA, Page 10

China Detains Top Police Aide in Corruption Inquiry

By John Pomfret

BEUING - Communist Party anti-corruption investigators have detained the highest ranking security official since China's revolution in 1949 in a tacit acknowledgment of the gravity of the country's cor-

ruption problem, sources said Thursday.

Two sources, one Western and one Chinese, said Li Jizhou, a deputy minister of the Public Security Bureau, the national police, had been taken into custody by the party's Central Commission for Discipline Inspection. One source said Mr. Li was detained by party officials Wednesday night. The other source said Mr. Li was removed from his post last month.

No one answered the phone Thursday at the spokesman's office of the Public Security Ministry. The press office at the State Council, the Chinese cabinet, declined to comment.

If Mr. Li's arrest is confirmed, I: would be the most senior security personnel in Communist China's history to have been detained on investigation for corruption. The arrest of such a high-ranking officer, a deputy minister in charge of border security and antismuggling operations, would be a clear indication of the depth of Beijing's worries about malfeasance and

China's breakneck development over the last 20 years has improved the lives of many of the 1.3 billion citizens. But when the paramount leader Deng Xiao-

ping exhorted people that "to get rich is glorious," he set off an explosion of get-rich-quick-schemes, scams, nepotism and profiteering that is threatening the future of the nation. President Jiang Zemin readily acknowledges that rampant corruption endangers the power and prestige of the Communist Party, and he has described a nationwide anti-graft drive now under way

as a "life and death struggle." The state-run press has unveiled estimates of the cost of corruption to China, and the numbers are

Smuggling, for example, is believed to account for \$30 billion a year in goods. This includes cars, oil and of Kuwait was ended. Scientists, mil-

See CHINA, Page 10

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Spies Worked As Inspectors Of Iraqi Arms

By Tim Weiner New York Times Service

WASHINGTON — U.S. officials now admit that American spies worked undercover on teams of United Nations arms inspectors seeking secret Iraqi weapons programs.

Iraq has long condemned the inspec-tors as tools of American intelligence. In October it issued a statement saying that it would never cooperate with UN teams riddled with "American spies and agents.'

American officials said Wednesday that U.S. intelligence agencies provided information and technology to the UN Special Commission, known as Unscom, charged with monitoring Iraqi disarmament. In turn, they said, the United States and other countries received information on Iraqi weapons programs from the inspectors.

By being part of the team, the Americans gained firsthand knowledge of the investigation and a protected presence inside Baghdad. Intelligence-gathering devices sup-

plied to the inspectors by Washington gave the United States a better understanding of the sites for weapons of mass destruction, U.S. officials said.

The commission has been a unique attempt by the United Nations to establish an international intelligencegathering and analysis operation. Its mission was to uncover Iraqi weapons programs that continued after the Gulf War of 1991, in which Iraq's occupation

See TRAQ, Page 10

PAGE TWO

Jurist Who Swears by Precision Presides Over Clinton Trial

ASHINGTON — When Chief Justice William Rehnquist entered the Senate chamber Thursday, his presence helped transform what has been primarily a political drama into a more

solemn, judicial proceeding. Shortly after Justice Rehnquist took his chair, elevated above the rows of wooden desks, he asked senators to swear that they would render "impartial justice" as jurors evaluating the fate

That oath immediately distinguished the Senate role from that of the House, since the constitution gives the House the power to impeach, or indict, a public official, and reserves for the Senate the neutral role of determining whether those allegations are true and what should be done about them.

It falls to Justice Rehnquist, who wears a black robe personalized with four gold stripes on the sleeves, to keep order in the chamber, rule on questions of evidence and control the pace of the trial. A man who believes in precision and puncmality, Justice Rehnquist is likely to keep senators in line and adherent to a strict schedule once one is set. The chief justice also is charged

senators to be asked of any witnesses. If it comes to it, Justice Rehnquist has the power to break a

The Supreme Court has long been on the periphery of the scandal enguling the White House, with rulings and other actions that have worked against President Bill Clinton and ultimately favored the independent counsel, Kenneth Starr. Foremost among them was the court's unanimous decision to allow Paula Jones's sexual harassment lawsuit to proceed. Now the third branch of the government is involved through the person of the 74-year-old chief justice, a large stooped man who is known for his blunt-ness and who is required by the constitution to preside over the trial of a president.

"Nothing emphasizes more how high the stakes are than having the highest judicial officer presiding," said Dennis Hutchinson, a law professor at the University of Chicago. Only once before has the Senate considered whether to remove a president from office, in 1868, when Andrew Johnson narrowly eluded conviction.

The historic proceeding Thursday came 27 years to the day after Justice Rehnquist first took his own judicial oath. The Wisconsin native and Stanford University law graduate was appointed to the nation's highest court by President Rich-



ard Nixon in 1972 and elevated to chief by

President Ronald Reagan in 1986. The chief justice already discussed some pre-liminary matters with Senate leaders. He re-viewed the Senate rules, going over impeach-ment precedents and culling through his own

As an amateur historian, Justice Rehnquist wrote a 1992 book on impeachment. That tome, entitled "Grand Inquests," gives little sign of how he will preside over the current trial, but it does reveal his general concern that impeach-ment be reserved for the extreme cases and not motivated by politics. He concluded that the Johnson impeachment was so politically driven

that if Johnson had been convicted, "a long shadow would have been cast over the independence" of the presidency.

The chief justice's writings suggest that he

William Rehnquist, the senior judicial official in

presiding over the Senate

impeachment trial of the

senators in line and make

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president Thursday. A stickler for punctuality, he

them adhere to a strict

schedule once one is

necessary, he has the

is expected to keep

the United States,

will view his role as largely ministerial and that he will not attempt to make decisions that strongly favor one side over another. In a 1993 high court decision, Justice Rehnquist emphasized the Senate's "sole power" in impeachment trials. And if he intervened in a way that agitated the Senate, his ruling could be over-turned by a majority vote of the senators. The chief justice has emphasized that im-

peachment is not "a referendum on the public official's performance in office," but rather a form of judicial inquiry in which the House makes specific charges and the Senate decides whether the charges have been proved. It takes a two-thirds vote of the Senate to convict.

NTIL Thursday, Justice Rehnquist had been offstage. But now that he has begun presiding, he will play a large and memorable role. At the Supreme Court, he pounces on lawyers who confuse their facts, pokes holes in flawed reasoning and constantly admonishes spectators to keep quiet. The retired Justice Byron White once described Justice Rehnquist as "a highly conditioned cross between a quarter horse and a racing thoroughbred," able to master a variety of complicated tasks and quote from memory any number of passages from his voluminous reading. Indeed, the chief's reputation for efficiency and a range of pastimes, from poker to painting, is legendary. He gets his opinions written and leaves the office

before the sun goes down.

The Supreme Court itself is expected to keep to its regular schedule, just as it has on other rare occasions when a justice was absent because of other obligations or illness. Oral arguments generally are offered in the morning, so Justice Rehnquist could preside at both institutions if the Senate trial took place in the afternoon. Even if Justice Rehnquist does not join his eight colleagues on the bench, he can vote on the cases.

Still, some of the most important disputes of the term are before the justices this month, and the timing is not ideal for a chief justice who is known as a controlling presence,

Rebel Chief **Casts Doubt** On Cease-Fire In Sierra Leone

FREETOWN, Sierra Leone - President Ahmad p Kabbah and the detained rebel leader Foday Sankoh ordered an immediate cease-fire Thursday after two days of fighting in the Sierra Leone capital that had left dozens of bodies lying in the streets.

Residents of the battered city greeted the news with euphoria, but their cel-ebrations quickly dissipated as a rebel commander cast doubts on whether is would take effect.

Mr. Kabbah announced that after holding talks with Mr. Sankoh, who had been sentenced to death for treason, the two had agreed to a cease-fire.

Speaking to Reuters Television, the president read out a statement in which the rebel leader said: "Both parties ordered an immediate cease-fire so as to stop this carnage and this foolish destruction of our very limited resour

Civilians poured into the streets to celebrate. But the rebel commander Sam Bockarie, whose men attacked the capital before dawn Wednesday, questioned whether the truce was authentic. He told BBC Radio, widely listened to in Freetown, that Mr. Kabbah's word

alone of the truce was not acceptable "If I see him in person," he said of Mr. Sankoh, "I'll take orders." Mr. Bockarie said his men, reported

by Freetown residents to be retreating from counterattacking West African intervention troops, would continue fight-

Mr. Kabbah had told reporters that Mr. Sankoh would be released after seven days if certain conditions were ract. The rebel leader has been on deads row since October.

The president was speaking at the Lungi airport, across an estuary from Freetown, where he is sheltering from

At least a dozen people — rebels and civilians — were killed Thursday afternoon when a plane of the pro-government Ecomog Nigerian-led peace-keeping force bombed part of the city. In the rebel-held Eastend district of

Freetown, witnesses said thousands of people had gathered on street corners, many of them dancing, to celebrate news of the cease-fire.

In the Westend section, controlled by government and Ecomog forces, one man said: "We have been locked up in our houses for the past two days with very little food and water, and there is now dancing in the streets around out

A senior officer with the West African peacekeeping force that has been battling the rebels said: "We will heed the cease-fire and keep a low profile militarily, while watching developments on the ground closely.

Earlier, Mr. Kabbah said he was prepared to release Mr. Sankoh if he agreed to certain conditions, including an immediate cease-fire, the adoption of the 1996 agreement known as the Abidjan Charter and consultations with the cabiner. Mr. Sankoh said he and Mr. Kabbah had agreed to implement the 1996 accord signed in the Ivory Coast capital that was to have ended years of civil

Mr. Sankoh's rebels rallied to a coup mounted in May 1997 by dissident sol-diers against Mr. Kabbah. The Econog forces restored Mr. Kabbah to power in

In the latest fighting, Britain has a cused Liberia — a neighbor of Sierra Leone — of supporting the rebels and told it to stop. The United States also said it was urging Liberia to stop the rebels from receiving support through

Fighting continued Thursday, before announcement of the cease-fire, along the boundary between central and eastern Freetown, with witnesses reporting Ecomog armored combat vehicles advancing past burning buildings into the Eastend district.

Residents said retreating rebels had used civilians as human shields after forcing them out of their homes.

From Politi

Hottest Ticket in Town: A Seat in Senate Gallery

ASHINGTON — The most sought after ticket in this city may be one allowing the bearer to watch history unfold as the U.S. Senate conducts its impeachment trial of President Bill Clinton.

The tickets will be good for admission to galleries that overlook the Senate chamber's floor, where the first iropeachment trial in 131 years is being held. For each day that the trial is conducted, 50 of the roughly 596 seats in the Senate galleries will be reserved for the public on a first-come, first-served basis. As always, there will be no charge.

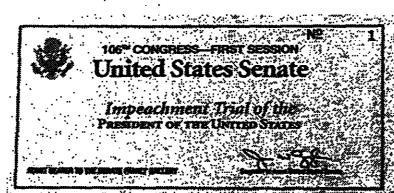
The rest of the tickets will be allocated to

uests of members of Congress, the White House, the Supreme Court and the news media.

In 1868, the Senate used tickets for the public to try to keep order during the impeachment trial of President Andrew Johnson. But accounts of the trial reflect a less-than-orderly crowd. Galleries were packed, and thousands of people milled just outside the chamber.

"There's a sketch that appeared in Harper's Weekly in which people were knocking each other down to get in, there was such tremendous interest in the subject," Donald Ritchie, an as-

sociate Senate historian, said. But aides to several senators said they had so



far heard of little heightened interest from constituents for gallery seats. Still, the places are expected to be filled.

Each senator will get one permanent seat for guests in the gallery, and three other seats on a rotating basis. Twenty seats will be reserved for the House of Representatives, nine for the Su-preme Court and 20 for the White House, according to a circulated plan. People in seats reserved for the public will be moved out after an

unspecified time to bring in new spectators. News organizations scrambled to reserve seats in the frequently empty Senate press gallery immediately after the House voted last month to impeach Mr. Clinton for allegations stemming from his relationship with the former White House intern Monica Lewinsky.

 In addition to the 82 seats in the gallery for the daily newspapers, 16 additional standing-room tickets will be distributed to reporters. The periodical press is to receive 13 seats, and radio and television correspondents get 25. Under current rules, photographers may not take pictures from the galleries. No tape recorders, cellular phones or pagers are permitted in the galleries, officials said, and no talking or disruptions will be allowed.

Fifty of the 596

be allotted to

the public on a

first-come, first-

served basis. No

talking, pagers

or cell phones

are allowed.

gallery seats will

ister Benjamin Netanyahu. Some here have likened the conflict to the dueling between Congress and the

such issues as civil rights and abortion. "Isn't this the lesson one recalls from American history?" asked Rabbi Uri Regev, a leader of the Reform movement here. "A recalcitrant Congress motivated by less than noble consid-

But here the core issue, the relationship between religion and state, is

It rubs at two key frictions - that between secular and religious Israelis and that between different kinds of practicing Jews: the observant but modern, whether Reform, Conservative or Orthodox, and those who dedicate their lives to strict observance of centuries-

By their very existence, the courts are a threat to the strictly Orthodox when they rule on religious matters. The laws

they interpret are secular and not religious, and the principles that they uphold are democratic and not theocratic. But an active court, like the Supreme

Court under Chief Justice Aharon Barak, is particularly offensive to religious purists because, in their view, it eeks to mandate a reconciliation of the irreconcilable. Strictly Orthodox Jews argue that submitting Judaism to a civil liberties test subverts the essence of the religion. They believe Judaism to be built on God-given rules that should not be bent.

To the strictly Orthodox, Judaism is both a privilege and a yoke. They see beauty in rigid observance of Jewish law, even or especially when obedience is taxing.

Many feel misunderstood in what they see as their belief in absolute standards, which leads them to consider Reform and Conservative Judaism a dihition of the real thing.

'The modern Jew understands why baseball the base paths cannot be shortened for the slow runners and the outfield fences brought in for weaker hitters," Jonathan Rosenblum, an Orthodox intellectual, wrote sardonically in The Jerusalem Post, "but not why anyone should ever be told they are not Jewish.

"Baseball is important, its rules are sacrosanct, Judaism isn't.'

Israeli Courts and Orthodox Jews Clash Once Again

By Deborah Sontag New York Times Service

JERUSALEM - The chief judge of the Jerusalem district court has struck a profound nerve with a ruling that undermined the overarching power of the Orthodox Chief Rabbinate to determine who is a Jew. The conversion issue had been sitting

on a shelf in Parliament all year, but the judge's action last week provoked the religious faction there to take it down and dust it off. The judge compelled the Israeli government to accept and register as Jews

people who had been converted to Judaism in Israel by Reform or Conservative What the religious parties want to do is to codify in law the rabbinate's exclusive authority over conversions — at

a moment when many Israelis are brid-

ling at the rabbinate's exclusive control over such rituals as marriage. It is not clear whether Parliament will act now on a conversion bill or will delay a vote until a new Parliament is elected in May. But what is clear is that there is a pattern of outright combat involving the courts, the religious parties and the Israeli public.

In ruling after ruling, the courts are striking at the power and the privileges of the rigorously Orthodox. After each

FI

ruling, the strong religious factions in the Parliament seek to restore that power through legislation. And each punch and counterpunch reawaken the unresolved culture war that episodically

Given the ferocity of the battle, many believe that it can only end in a showdown in which Israel will be forced to reconcile the contradictions of being the Jewish homeland and a secular democ-

rends the fabric of Israeli society.

Some predict that a popular backlash against the new political power of the strictly Orthodox will find expression in laws that disentangle religion and state to some degree.

"As a result of the increasing political power in the hands of the Orthodox and ultra-Orthodox, you're seeing a confrontation pushing Israel in the direction of getting the government somewhat out of the business of religion," Rabbi Ismar Schorsch, chancellor of the Jewish Theological Seminary in New York, said in an interview in Israel this

In the last few months, the decisions have tumbled fast and furious from the Israeli courts. In addition to the conversion decision, the courts have re-cently ordered the inclusion of Reform and Conservative representatives on the powerful municipal religious councils; declared the army service exemptions of

strictly Orthodox yeshiva students to be illegal and ruled that kibbutz shops could be open for business on the Sabbath. And in each case the religious parties

have moved to block the court's rulings, sometimes with not only the backing but also the direct assistance of Prime Min-

Supreme Court in the United States over

erations and a court that emerges as the beacon of light and defender of civil

central to the identity of the country and of modern Judaism.

old Jewish laws.

A Healthy Outlook For Wine Drinkers

LONDON — A glass and a half of wine a day could help stave off neurodegenerative diseases such as Alzheimer's and Parkinson's, according to research published Thursday. Italian scientists, reporting in the

British journal New Scientist, said a natural chemical produced by vines and concentrated in both grapes and wine triggers a sevenfold increase in the activity and effectiveness of an enzyme called mapkinase. Mapkinase stimulates and regenerates nerve cells. Alberto Bertelli and his team at

Milan University said they had tested the chemical, called reservatrol, on human neural nerves and found that it made cells grow small extensions through which they could connect with neighboring cells. He said the process could be replicated in people by drinking a glass and a half of wine a day.

Mr. Bertelli said: "Reservatrol allows the brain cells to get themselves connected to one another again. It is this reconstruction that reactivates the ability of the elderly to remember."

WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather North America

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Herald Eribune

TRAVEL UPDATE

Greek Air Traffic Control Criticized

ANKARA (Reuters) - Turkey accused Greece on Thursday of failing in its air traffic control responsibilities over the Acgean Sea and said its civil aviation authorities could do the

"It is true that Greece cannot fulfill its technical responsibilities in the Athens Flight Information Region," the Turkish Foreign Ministry said in a statement. "Despite Greece providing a service for only 7 percent of European air traffic, it is on record that it is responsible for 30 percent of the

Hungarian Train Strike Deepens BUDAPEST (AFP) - The impact of a four-day-old train

strike in Hungary deepened Thursday as all international rail traffic to and from the country was stopped, state-run Hungarian Railways said. Cross-border trains were stopped from midnight Wednesday, three days after the start of the action over wage demands, said Janos Szabo, deputy traffic control manager.

Spanish rail workers began a 24-hour strike at 3 P.M. Thursday in a dispute over pay and conditions, unions said. The state rail company Renfe said 50 percent to 75 percent of trains would run as scheduled.

United Airlines is making Dulles International Airport just outside Washington the base of its East Coast operations, initially increasing by 60 percent the number of domestic flights at the airport by United, the largest U.S. airline, and possibly adding low-fare shuttle service to Boston, New York and Atlanta within a year.

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be phased in beginning in October.

THE AMERICAS

Senate Republicans Cooling to Censure, Fearing Move Is Unconstitutional

By Eric Pianin and John F. Harris Washington Post Service

WASHINGTON - Many Senate Republicans have soured on the idea of presidential censure, raising the distinct possibility that President Bill Clinton can avoid any direct punishment or reprimand if he prevails in his im-

Just a few weeks ago, Senate Republicans and Democrats and White House officials were seriously exploring options for punishing Mr. Clinton short of removal from office.

But with the Senate moving toward a full impeachment trial over strong Democratic opposition, the air has gone out of the censure

While most Democrats continue to argue that a tough censure resolution — possibly including financial sanctions — would be the most appropriate response to the president's misconduct, many Republicans said in interviews this

week that they believe censure is unconstitutional and a dangerous precedent that could be used in the future.

Moreover, many Republicans said that regardless of the outcome of the trial, they would continue to oppose censure. It could be voted against Mr. Clinton despite acquittal.

Even if the president were to be acquitted, I wouldn't support a censure resolution, because I think it's unconstitutional," said Senator Robert Smith, Republican of New Hampshire and one of the president's severest critics in the Senate.

Senator Robert Bennett of Utah, one of the few Republicans to openly embrace censure as a fallback, said he worries that Mr. Clinton might otherwise escape any form of punishment. While some Republicans argue that the House impeachment vote itself is far more damning than any censure resolution, Mr. Bennett does not

If Mr. Clinton is acquitted, Mr. Bennett said, The spinmasters at the White House would then attempt to tell us that this president has been

censure echoes sentiments in the House, where Republican leaders denied the Democrats a floor vote on a censure resolution last month.

The House voted Dec. 19 to approve two articles of impeachment, charging Mr. Clinton with lying under oath about his sexual relationship with Monica Lewinsky, a former White House intern, and obstructing justice.

In a speech Wednesday, the Judiciary Committee chairman, Representative Henry Hyde, Republican of Illinois, reiterated his view that censure faces constitutional problems.

"The constitution provides one way to deal with a problem concerning cleansing the office, and that is impeachment," Mr. Hyde said. Sources close to Mr. Clinton's defense agree that the momentum for censure has slowed in recent days. But some White House officials caution that the eclipse may be temporary, the result of being overshadowed by the larger ques-

tion of how the Senate trial will proceed. The Senate, unlike the House, does not have a

vindicated." The mounting Senate opposition to significant faction of liberals who will reject censure as undeserved punishment. And conservative Republicans who question whether censure is constitutional might soften their stand if they view it as the only way of going on record to condemn Mr. Clinton's conduct. The official White House line is that censure would be a good thing - a way of ending a year of controversy and officially recognizing the inappropriate conduct that Mr. Clinton has acknowledged.

But White House aides have also emphasized repeatedly that Mr. Clinton's willingness to accept censure does not mean he will admit lying under oath - a condition that many censure proponents have suggested.

And some Clinton loyalists say the idea that the president might avoid conviction as well as censure is an appealing prospect - although they insisted that they were offering their own views rather than speaking for Mr. Clinton.

One White House aide said that Mr. Clinton's ability to affect the censure debate is strictly limited. "It's up to Congress to decide what they

believe," said a senior White House official.
For now, Republican feelings appear to run high against any form of censure. And even if all 45 Senate Democrats were to agree to a censure, which seems unlikely, they would still need the support of at least 6 Republicans to pass the measure, which may not be easy.

"If the charge is lying to his country, his cabinet and his family, what seriousness could be ascribed to an agreed statement of rebuke like censure?" asked Senator Judd Gregg, Republican of New Hampshire and a foe of censure.

Senator Charles Grassley, Republican of Iowa, said, "The only thing we can do as an impeachment body is vote guilty or not guilty. Doing anything else doesn't fulfill the constitutional process."

Senator Byron Dorgan of North Dakota, a member of the Democratic leadership, said that "there's a fairly widespread feeling" among the Democrats that the president should be censured in the likely event he survives his Senate ordeal. But a few are cool to the idea.

Tilt Trains of our are lines at Are Flawed, **Amtrak Says**

By Don Phillips Washington Post Service

WASHINGTON - Amtrak's new tilt trains, designed to bring a new level of speed and smoothness to the Washington-Boston contidor late this year, were built 4 inches too wide and will be unable to go around some curves as fast as planned, Amtrak and the Federal Railroad Administration officials have confirmed.

The excess 10 centimeters will force Amtrak to speed up as much as \$12 million in track and clearance projects in order to maintain a new three-hour express schedule between New York and Soston promised under the \$710 million contract for the trains. Sharp curves now hold the route's time to about four and a half hours. The trains are designed to reach speeds of up to 150 miles (240 kilometers) per hour.

David Carol, Amtrak's vice president for high-speed rail, said "there may well be legal issues" with the manufacturer, Bombardier Inc. of Montreal, but the project will not be delayed.

Kim Fisher, a spokeswoman for Bombardier, said the company was mystified by Amtrak's and U.S. government officials' argument that there is a problem. She said that Bombardier believed it had met specifications and that simulations body "will have no effect on trip time."

The contract, announced with great Vice President Al Gore in 1996, calls for 20 trains consisting of two locomotives, four coaches, a dining car and a first-class car. With a higher speed and a tilt on curves for passenger comfort, the new train sets will replace the current 125 mile-per-hour Met-roliner equipment between Washington the president's lawyers would be willing to and New York, allowing a two hour and

45 minute trip time. Although the New York-Washington times are only 14 minutes faster than current times, the new sets are expected to ride far smoother than the current cars. By far the most improved trip times will be on the curvy New York-Boston route.

Mr. Carol said Amtrak officials dis-

covered the width problem after most of the train sets were under construction. He said the first indication of it arose in April 1997. The problem, he said, is that with the extra four inches, the train cannot tilt the planned 6.5 degrees maximum without violating what he called the "clearince envelope." Under what is essendaily a disaster scenario, there must be
enough room between adjacent tracks
that two passing trains could have a total

suspension breakdown and lean the wrong way while still passing safely.

Mr. Carol said with the extra width, the cars can tilt only 4.2 degrees and still meet clearance specifications.

One locomotive is undergoing testing at the Association of American Railroads test center in Pueblo, Colorado, and no problems have been found necessitating any basic design changes. Full train-set endmance tests are scheduled to begin in May on the Washington-Boston cor-ridor, and regular service is scheduled to



Republican members of the House Judiciary Committee walking to the Senate on Thursday to deliver articles of impeachment. From right, the first six representatives are George Gekas, Charles Canady, Ed Bryant, Steve Buyer, Steve Chabot and Bob Barr.

CLINTON: President's Trial Opens and White House Seeks to Bar Witnesses

Continued from Page 1

If witnesses are allowed, the Senate process could last six months or more, White House spokesmen said, interfering with the normal conduct of business by all three branches of

It is generally believed that a longer trial, possibly including intimate details of Mr. Clinton's sexual relationship with Ms. Lewinsky, had shown that a somewhat wider car would be more damaging to Mr. Clinton than a truncated process. But Senate Republicans, 18 of whom face re-election in 2000, are also keenly aware that most Americans have in-dicated in polls that they oppose a protracted

trial, and oppose conviction as well.

White House lawyers met late Wednesday with a small bipartisan group of senators to discuss how the trial will proceed.

accept the documentary record from the independent counsel, Kenneth Starr, without challenge, but only if witnesses were dispensed

The 13 House "managers," the Indiciary Committee members who will serve as prosecutors of the trial, have said they believe they cannot properly make their case without calling witnesses, and several Senate Republicans support them. In a somber White House, the president hos-

ted an education event Thursday. Mr. Clinton has doggedly sought to portray an air of nor-mality amid the surreal developments of the past year, and he did so Thursday.

The process at the other end of Pennsylvania Avenue was something never seen by any living

The chamber was gaveled to order at 10 A.M. by the president pro tem, Senator Strom Thur-

mond. "Senators will be in order," he cried At 96, Mr. Thurmond is the longest-serving (and longest-living) senator, a North Carolinian first elected to the Senate when Bill Clinton was a boy of 8. Yet, the last and only other impeachment trial, of President Andrew Johnson,

Mr. Thurmond recognized the 13 House managers — all of them Republican members of the Judiciary Committee — who had crossed from their side of the Capitol to the Senate side as a group. Each of the 13, all of them lawyers,

took place 35 years before Mr. Thurmond's



has undermined the integrity of his office, has brought disrepute on the presidency, has betrayed his trust as president, and has acted in a manner subversive of the rule of law and justice, to the manifest injury of the people of the United States.' — Henry Hyde, reading from the

William Jefferson Clinton

has been assigned a particular area to focus on in the trial, whether rules and history of impeachment, the handling of witnesses or the present-

articles of impeachment.

ation of arguments. The sergeant-at-arms, James Ziglar, then

called for silence from senators and the spectator gallery "under pain of imprisonment" as Representative Henry Hyde, Republican of Illinois and chairman of the House Judiciary Committee, read the articles of impeachment.

Mr. Hyde read the first article, saying that Mr. Clinton, "in violation of his constitutional duty to take care that the laws be faithfully executed, has willfully corrupted and manipulated the judicial process of the United States for his personal gain and exoneration, impeding the administration of justice.

"In deing this, William Jefferson Clinton has identified the integrity of his office. brought disrepute on the presidency, has be-trayed his trust as president, and has acted in a manner subversive of the rule of law and justice, to the manifest injury of the people of the United

Mr. Hyde continued, reading the second article, saying that Mr. Clinton 'engaged personally, and through his subordinates and agents, in a course of conduct or scheme designed to delay, impede, cover up, and conceal the existence of evidence and testimony related to a federal civil-rights action brought against him in a duly instituted judicial proceeding."
Mr. Hyde's fellow managers stood stiffly in a

semicircle to his right.

Senators sat silently as Mr. Hyde uttered the constitutional standard - "high crimes and misdemeanors" — they are to apply in determining whether Mr. Clinton should be removed from office.

Later, Justice Rehnquist arrived and was sworn in by Mr. Thurmond to preside over the trial. "Do you solernnly swear that in all things pertaining to the trial of the impeachment of William Jefferson Clinton, now pending, that you will do impartial justice according to the Constitution and laws, so help you God?" Mr.

Thurmond said gravely.
"I do," Justice Relinquist replied.
Thursday was a day of solemnity, with even the most voluble legislators seemingly sobered by the large constitutional and judicial principles at stake, the historical nature of the moment, the underlying question of how an errant president shall be held to account, and how far the powers of the legislative branch extend in

But the largely political nature of the way this process has unfurled remained clearly in

BRIEFLY

A Longer Wait for Medicare?

WASHINGTON - A federal commission working to reform Medicare has raised the possibility of requiring Americans to wait longer before the government begins to pay for their health insurance by increasing the eligibility age from 65 to 67.

The two chairmen and most members of the commission indicated they favor such a change if it were phased in slowly over the next quarter-century. Delaying eligibility is the latest strategy considered by the bipartisan commission, appointed by Congress and the White House, to find ways to modernize Medicare and enable it to withstand the financial pressures once the baby-boom generation begins reaching old age in about a decade.

Commission members acknowledged that postponing eligibility would help the program's financial stability only slightly, because 65- and 66-year-olds tend to be the healthiest patients in the program and to use the least medical care. Nevertheless, members said during a twoday meeting that ended Wednesday that such a change would parallel a gradual age increase Congress already has approved for Social Security benefits.

Senator John Breaux, Democrat of Louisiana, a commission chairman, said most people live several years longer, and thus receive substantially more federal help, than when Medicare, which provides health insurance for elderly and disabled Americans, was established three decades ago.

Several commission members said the idea would be more palatable if the government created some other means to help older people obtain affordable insurance while they waited to join.

Hillary Clinton Isn't Running

SHINGTON — Aides and close friends of Hillary

B Clinton dismiss speculation that she will seek political office, suggesting instead that she will seek an international stage to champion her causes.

There has been increasing speculation in recent weeks that Mrs. Clinton, found to be the most admired woman in America by a year-end Gallup Poll, will run for political

Her name has been raised by some as a possible U.S. Senate candidate, with the lead editorial in The New York Times on Tuesday asking "Senator Rodham?" — a reference to speculation she would seek the Senate seat being vacated by Senator Daniel Patrick Moynihan of New York in 2000.

There also have been published reports Mrs. Clinton is interested in running for the Senate from California, Massachusetts or Illinois.

"The only thing I want to say is that she has no plans to run" for elective office, said Marsha Berry, the first lady's press secretary, who has been flooded with queries. "That's really the truth of the matter."

Quote/Unquote

Representative Henry Hyde, chairman of the House Judiciary Committee, introducing the House case against President Bill Clinton in the Senate: "That concludes the exposition of the articles of impeachment against William Jefferson Clinton. The managers request that the Senate take order for the trial." (AP)

Away From Politics

Postal rates will increase for the first time in four years, raising the cost of the basic first-class letter to 33 from 68 percent in 1970, 62 Sissons Cox, near Stillwater, percents, up a penny. The increase takes effect Sunday despite four straight highly spite four straight, highly profitable years for the post office, which says it needs cover rising costs and reduce he remained free was exwere breathing on their own, (AP)outstanding debt.

• Aggressive efforts to lower the number of Caesarean sections could lead to more intions could lead to more injuries and deaths among mothers and babies, obstetricians warn in the New England Journal of Medicine. In an opinion piece, four doctors at Harvard teaching hospitals in Boston said that pressure from healthmaintenance organizations and policymakers was leading some doctors to encourage women to try vaginal delivery even when the risks are higher than those of a C-sec-

• About 56 percent of all American adults were married and living with their spouses in 1998, according to a report released by the Commerce Department's Census

• A twice-convicted murderer who said he likely octuplets born to Nkem
would have killed again had Chukwu, 27, in December ecuted by injection in Okla-homa. John Walter Castro, Hospital in Houston and The 37, was the third man to be condition of the five girls and

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ASIA/PACIFIC

At a Shrine Village, Mao Lives!

Even Elsewhere in China, 'New Left' Keeps the Flame Burning

By Erik Eckholm New York Times Service

NANJIE, China - In the center of this well-kept community stands a giant statue of Mao Zedong, complete with honor guard, that was erected only in 1993 — long after many places had forn down monuments to the late chairman.

Along the surrounding avenues stand tidy apartments and humming factories. Nearly every wall is freshly painted with slogans from the 1960s like "Put Ideology First" and "Let Chairman Mao Thought Radiate Forever."

In an age often marked by an economic free-for-all, the village of Nanjie is a dinosaur: Its farm, its factories, its housing are all collectively owned and

Residents must attend regular study sessions of Mao's teachings, and their take-home pay does not exceed \$30 a month. But each family receives the needs of life free, including identical homes, television sets, flour and eggs, busts of Chairman Mao and a daily

bottle of beer per person. Billed as a socialist success, Nanjie, in the central province of Henan, is often cited as a paragon by China's "leftists" — the dwindling, old-guard Communist crit-ics of China's rush from ideology and

state planning.
As an admirer recently wrote, Nanjie is a place of "truly shared prosperity," where people 'uphold what is public and spurn what is private.'

But the very fame of this strange showcase suggests just how anomalous it is today - and how far those leftists have fallen as President Jiang Zemin leads the country toward a market economy. China remains under authoritarian one-party rule, led by people who do not hesitate to arrest anyone who threatens the primacy of the Communist Party. but who have jertisoned most of communism's economic principles, leaving the remaining "leftists" in despair. "The fundamentalist left has lost any

influence over Chinese politics and society," said Xiao Gongqin, a historian at Shanghai Normal University.

Unlike Russia, where the economy collapsed and nostalgia for the cocoon of communism is powerful, China's economic boom has largely diluted popular demands for old-line solutions.

But even as the old left fades, new social critics are emerging who are more democratic in their politics but who share many of the left's social ideals and are appalled by the inequalities and corruption of China's "market socialism."

Unlike the beleaguered democracy dissidents, these new critics - sometimes called "new populists" or "new leftists" - have not run afoul of the law. They spend more time dissecting the economy than political trends and they are suspicious of free markets and global capital.

But if the rapid growth that has been China's universal solvent should stall for long, these critics believe that their ideas — speaking to everyday com-plaints of the common people — could have a broad and explosive appeal.

The old leftists, in Chinese terms, are a mostly elderly group of Marxist intellectuals and retired officials who remain deeply committed to state ownership of key sectors and strong party control over society. They still worry about threats like "bourgeois liberal-ization" and China's "peaceful evolution" into a capitalist society—code phrases for a steady erosion of Communist principles, abetted by the West.

From the beginning of the reform period started by Deng Xiaoping in 1978 until recently, the leftists influ-

ence undulated, but they remained a key balancing force in Beijing politics, sup-

ported by powerful party elders.

Now those elder patrons have mostly died. The current leadership, led by Mr. Jiang, is certainly committed to the Communist Party's monopoly on power. But especially with the program to drastically reshape or sell off state industries, party leaders have abandoned key tenets of socialism, the leftists charge.

The left's chief patron in recent years

has been Deng Liqup, a once-powerful confidant of Mao and then Deng Xiaop-ing who broke with Mr. Deng over

ideology. Deng Liqun is now 83 and in poor health, and the Contemporary China Research Institute he founded in Beijing to propagate leftist views is kept at arms length by a wary government. A journal associated with the institute. Trends in Contemporary Thought, remains a leading leftist forum, and its editor, Duan Ruofei, has gamely tried to carry on the



For Yao Tonglin, who has lived in Nanjie for 40 years, Mao Zedong is more of a presence than a simple poster on the wall behind her.

battle. In a rare interview at the institute, is China's best hope. Many of these Mr. Duan was careful to couch his obserior officials. Western-influenced jections to China's path in terms of the so-called Deng Xiaoping Theory - the same vague catch-all that is used by Mr. Jiang to justify his new directions -

and did not attack leaders directly.

We are the real reformers. Mr. Duan said. "The problem is that the upholders of Marxism have a different understanding of reform than certain liberals, who are trying to transform the defining role of public ownership.

"A capitalist class has re-emerged in China," he said. Mr. Duan and his colleagues suffered a major rout in late 1997, at the 15th Communist Party Congress, when Mr. Jiang formally embraced the wholesale

restructuring of state industries. Over the previous two years, in a lastditch effort to drum up concern, Mr. Duan and other leftists circulated four unsigned essays exposing what they termed the dire threats to socialism.

The essays showed the anguish of people who felt their deepest beliefs were being betrayed. One, for example, complained of a "newborn capitalist class that has been raised on the blood and sweat of four decades of tireless labor by the whole people."

Today, there is a broad consensus among senior officials and intellectuals that the path toward market economics

economists and others accept that some hardships and growing inequality may be a necessary price. Corruption is seen as an unfortunate side effect that must be fought.

But a growing minority, part of a new populism, asserts that China's current course is inherently corrupt, enriching the powerful against the interests of the country's workers and peasants.

It is not a unified movement. Some have styled themselves part of a "new left," but many others resist being pigeonholed. Some say there are positive lessons to be gleaned from the disastrous Mao years — and have even made pilgrimages to Nanjie in search of inspiration - while others abhor that era.

But they share many socialist ideals and argue that capitalism and the opening to the global economy, as practiced here, have allowed an alliance of privileged officials and business executives to get rich at the expense of the little guy. "In the 1990s the economy has

grown rapidly, but in terms of morality, things are really rotten," said Yang Fan, an economist at the Chinese Academy of Social Sciences He said in an interview that the coun-

try is in the grip of "closet rightists" whose aim is "to convert political

Police Chief Resigns Over **Anwar Case**

By Thomas Fuller International Herald Trappe

KUALA LUMPUR — The top police officer in Malaysia resigned Thursday, saying he accepted "full responsibilfor the beating of Anwar Ibrahim,

the former deputy prime minister. The arrest, beating and trial of Mr. Anwar on charges of sodomy and corruption has been an emotion-filled trauma for a country unaccustomed to street demonstrations and high levels of

Abdul Rahim Noor, the inspector general of police, issued a terse, two paragraph statement before surrendering his firearm.

The honorable attorney general is of the opinion that the Royal Malaysian Police is fully responsible for the in-juries to the complainant while he was in legal custody of the police," the statement said, referring to a government report issued Tuesday.

"I, as inspector general of the Royale Malaysian Police, assume full responsibility in respect to the matter referred

But opposition leaders expressed dissatisfaction with the move and continued calls for an independent inquiry into the September beating that left Mr.

Anwar bloodied and bruised. "This is not enough," said Chandra Muzzafar, a political activist and professor at the University of Malaya. "There are many unanswered questions. We'd like to know who bear Anwar and what the motive was,"

The inspector general had come un-der mounting criticism over the past 12 months for issues ranging from police brutality to the handling of anti-government demonstrations in the capital

late last year.

Mr. Abdul Rahim has been the country's top police officer for five years of Syed Husin Ali, head of the Malaysia People's Party, said Thursday that there were "strong reasons for the suspicion" that Mr. Abdul Rahim was "directly responsible" for Mr. Anwar's injuries.

Opposition groups have called for a full accounting of Mr. Anwar's injuries, which shocked the country when they became public. Before he was dismissed from office, Mr. Anwar was the second-highest ranking politician in Malaysia and the anointed heir to the post of prime minister.

BRIEFLY

Indonesia Frees 133 After Aceh Violence

LHOKSEUMAWE, Indonesia week of separatist violence in Aceh and said it had no intention of putting the rebellious province back under its countries since 1989.

'The military operation status will not return to Aceh, and there are no plans to do so," the chief military spokesman, Major General Syamsul

More than 20 people have been The military says the unrest was sparked by separatist rebels. (Reuters)

India Party Protests Closer Cricket Ties

NEW DELHI - Members of a

pitch in New Delhi ahead of the first test match between the two countries in a decade, party officials said Thurs-

About 20 Shiv Sena Party activists entered Ferozeshah Kotla cricket sta-The Indonesian military on Thursday dium late Wednesday and hacked the released 133 of the 137 arrested after a ground with shovels. The match. scheduled to begin Jan. 28, would be the first on Indian soil between the two

Winter Food Aid Goes to Afghans

More than 20 people have been ISLAMABAD, Pakistan — The killed in the past week in a rash of violence in the resource-rich province. delivery of emergency winter food aid to 120,000 people in central Afghan-

> The delivery over three weeks was made to people who were facing "a winter of extreme hunger and poverty," a statement by the food agency

It said 4,000 tons of wheat and highrightist Indian party opposed to closer energy biscuits had been distributed in ties with Pakistan dug up a cricket the Hazarajat region.

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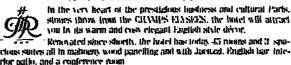
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Once-Bashful Turkey Makes Waves Abroad

Shaky at Home, Ankara Ever Bolder in Region

By Stephen Kinzer

ISTANBUL - Turkey may soon have a functioning government — led by former Prime Minister Bulent Ecevit - after six weeks without one, but its newfound assertiveness in foreign policy is likely to continue no matter who emerges as the next prime min-

Once a bashful actor on the world stage. Turkey has begun flexing its muscle whenever it feels the need. In a series of blunt warnings of economic pressure and even military strikes, Turkish leaders are using their growing power to achieve what they consider vital policy goals. Thus far they have achieved surprisingly good results. This success is all the more remark-

able in light of deep political problems that afflict the country. Prime Minister Mesut Yilmaz, faced with allegations of corruption, lost a confidence vote Nov. 25 in Parliament. He has been serving as a caretaker since then.

Weeks of political maneuvering may finally be producing a new government. Mr. Ecevit said Thursday that he believed he had finally put together a cabinet that could win parliamentary approval. He hopes to complete the task by Friday and win a confidence vote next week.

Turkey has not had a stable gov-emment since the 1995 election. But despite this domestic uncertainty, Turkish foreign policy has become tougher and more forceful than ever.

Its most recent success came on the tense island of Cyprus, which is divided between Turkish and Greek sectors. The Greek-backed government there had planned to deploy Russian anti-aircraft

George Bates, 69, Dies; Former IHT **Managing Editor**

BOSTON — George W. Bates, 69, a newsman who started delivering papers as a boy and rose to the rank of managing editor at the International Herald Tribune in Paris, has died here of cancer.

"He was a real perfectionist and did a tremendous job to make sure everything was absolutely right and historically correct," said Norman Gray, news editor at the Boston Herald, where Mr.

Bates last worked.

The longtime editor was born and yeducated in Nashville, Tennessee, and graduated in 1950 from Vanderbilt University. He served in the U.S. Navy in the

Mediterranean during the Korean War. Afterward, he joined The Tennessean of Nashville as a sports reporter, and in 1959 went to The Miami Herald as a

news editor. In 1964, Mr. Bates joined the defunct New York Herald Tribune. A year later

he was named managing editor of the Paris Herald Tribune, now the International Herald Tribune. Throughout his career, Mr. Bates was known for his strong grasp of international affairs. Using this talent, he took a leading part in guiding the paper as it moved from a narrowly oriented role in Paris into a global newspaper.

After his return to the United States in 1977, he was managing editor of the short-lived Trib in New York City. He then became a news and features editor at the Boston Herald, where he worked

Antil Dec. 31. "He had a really good eye for stories," said Bob Sales, former executive editor of the Boston Herald. "He understood the dynamic of the international stuff, which was unusual in those days.

missiles. Turkey responded by promising to bomb them. Last week, the

Cypriots backed down. Turkey cannot claim full credit for staring down the Cypriots, because the United States and some European countries had also urged cancellation of the deployment. But Turkish leaders have won other important battles on their

In October, Turkish generals and political leaders demanded that neighboring Syria expel the Kurdish rebel leader Abdullah Ocalan, who has directed a 14-year guerrilla war in southeastern Turkey. They strongly hinted that Turkey would attack Syria if it did not comply. To reinforce their message.

they sent soldiers to the Syrian border. With an alacrity that some in the region found astonishing, Syria quickly knuckled under and expelled Mr. Oca-

From Syria, Mr. Ocalan flew to Russia. Turkish officials warned the Russians that if they allowed Mr. Ocalan to stay. Turkey would demand instant repayment of Russian debts and force the scores of Turkish companies operating in Russia to cease operations immediately. Within days, Mr. Ocalan was on

the road again.

His next stop was Italy, and immediately after he landed there, Turkish leaders demanded that Italy send him home to face trial. But Italy, which is governed by a left-leaning coalition that includes some who sympathize with Kurdish rebels, proved less pliant and refused to extradite Mr. Ocalan.

Outraged Turks have threatened to ban Italian imports, which are worth many millions of dollars to Italian companies, and to reject Italian bids for huge Turkish military contracts. Newspapers here are full of predictions that Italy will soon see the error of its ways and send Mr. Ocalan away.

Turkey also is using high-pressure tactics to persuade foreign oil companies that they should build their main export pipeline for Caspian crude through Turkey rather than choosing another route.

The oil companies want to build a shorter and cheaper pipeline to Georgia, and then send their crude in tankers across the Black Sea and through the Bosporus, the narrow strait that bisects Istanbul. But Foreign Minister Ismail Cem asserted that the Bosporus is already full and that Turkey will no longer

grant any priority to oil tankers." Later the Turks went further. They told Amoco Corp. and British Petroleum Co., the two main parmers in the Caspian oil consortium that are now combined as BP Amoco PLC, that if they continued to support a non-Turkish pipeline route, Ankara would revoke their permits to explore for oil in Turkish waters. In addition, officials said they would disqualify Amoco's bid to build a new \$500 million liquid natural

gas terminal here. By some standards, Turkey is well positioned to use such tough tactics. Despite its debilitated political system, it has a strong economy, a population of 65 million and 370,000 soldiers under arms, more than any other NATO coun-

try except the United States. At the same time, Turkey's regional rivals are extraordinarily weak. Iraq is suffering under crushing United Na-tions sanctions, Iran is torn by internal conflict and Russia is in political, mil-

itary and economic disarray.

Even as recently as 1990, the Turkish state was largely Third World mil-itarily and economically," said Alan Makovsky of the Washington Institute for Near East Policy. "It had no modern weaponry, it faced countries that were well-armed and backed by the Soviets, and it was basically inward-looking. Now all of that has changed.



TENSE KOSOVO — Police stopping traffic Thursday in front of a barricade set up by angry Serb villagers who blocked the main Pristina-Skopje highway to protest the death of a Serb during an ethnic-Albanian attack on a power plant. By midday, the protest was spreading to other Serb villages in the area.

War Hero 'Monty' Drew Up Racist Plan

LONDON - Field Marshal Bernard Montgomery, a British commander in World War II and known as Monty, submitted a racist master plan for Africa that so embarrassed the postwar government that it had to keep watch on him to ensure he did not repeat his imperial notions in public.

Public records made public Thursday revealed that Field Marshal Mont-- who was revered as a hero for leading British troops to victory over the Germans in North Africa - submitted an imperial plan to turn the continent into a white supremacist bulwark against communism.

A secret, two-month-long tour of 11 African countries in 1947 led him to conclude that the African "is a complete savage and is quite unable of developing the country himself," the official papers revealed.

His attitude to African independence movements was revealed in a recom-

New York Times Service

French Resistance in World War II who

became a San Francisco department

store executive, died Dec. 29 at his

Mr. Neuville was awarded the Croix

de Guerre for his wartime service in the

anti-Nazi underground in Lyon and Par-

is. He had been born and reared in Berlin

as Gunther Neustadt, the child of a well-

to-do Jewish family in the clothing

trade. As the Nazis took control of Ger-

many, he was sent by his family to Paris,

himself in an increasingly precarious

position as both a German national in

France and a Jew. He adopted a French

version of his surname, changed Gun-

ther to Jacques and volunteered to serve

in the French Army. In 1940, he was

with an artillery unit north of Lyon that

was overwhelmed by German forces.

Mr. Neuville made his way to a Re-

sistance unit in Lyon and was put to

work forging the ration cards, passports,

marriage and birth certificates that were

used to construct false identities. As he

There, as war drew closer, he found

home in Sausalito, California.

where he studied painting.

Jacques Neuville, 82, a forger for the

We should have no nonsense with the United Nations Organization about Tanganyika: it should be absorbed into the British bosom.

Field Marshal Montgomery was par-ticularly scathing about the Ethiopian leader Haile Sclassie, whom he called a pathetic figure. To give the emperor any more lands would be utterly absurd," he said. His confidential report was diplomatically rebuffed by the postwar British Labour government, whose official policy was to build self-gov-ernment in Africa.

But senior ministers were so concerned about Field Marshal Montgomery's report that his lectures were watched to ensure he did not repeat his racist views publicly. His African tour was kept secret from all but a handful of government ministers.

The release of the secret papers under Britain's 50 year-rule severely risked damaging Field Marshal Montgomery's

Jacques Neuville, Resistance Hero, Dies

By Michael T. Kaufman later told his family, he was betrayed to Macy's there. He retired in 1977.

the Gestapo by a woman who had oc-

casion to go through his trouser pockets

one night and found many ration cards.

sympathetic French guard left doors open, allowing Mr. Neuville and other

prisoners to escape.

learned to the Resistance.

He was in prison for six weeks until a

In Paris, his contribution to the Re-

sistance involved working as a street

and café artist, drawing and painting

portraits. He would find his customers

among German officers, engage them in

conversation and pass on what he

He received the Croix de Guerre in

1946 and later received a citation from

the United States for the information he

had forwarded on the location of Allied

pilots captured by the Germans.

At the end of the war, he learned that

his mother had been sent to Auschwitz

and that all of his family, except for a

sister, had been killed. He worked as a

translator and assistant in the Paris bu-

reau of The New York Times and

helped in the coverage of the Nurem-

began a marketing career. He eventually

In 1952, he went to San Francisco and

reputation as a war hero. Lord Chalfont, a former Labour foreign minister and biographer of Field Marshal Mont-

gomery, said an icon had tumbled.

"A lot of people will find it extremely surprising." Lord Chalfont said. "His reputation is irredeemably damaged. I find it very disappointing and depressing.

Field Marshal Montgomery's official biographer, Neil Hamilton, said Britain would still remember him as a brilliant strategist, but conceded that in politics he was "unbelievably naive."

Field Marshal Montgomery is shown to have reacted stoically and with humor to the government's rebuttal. "When I wrote my report I was fully aware that you would not agree with it; in fact I said so to my staff!" he said in a letter to the colonial secretary of state at the time, Arthur Creech Jones. "It is obvious that we disagree fundamentally on the whole subject: time will show which of us is

Goro Yamaguchi, 65, Champion

TOKYO (AP) - Goro Yamaguchi,

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65, known for introducing traditional Japanese music to the world, has died

bere Sunday of a heart attack.

Designated a "living national treasure" in Japan for his exceptional mu-

sical talents, Mr. Yamaguchi, a master

of the shakuhachi, or bamboo flute, was

also well-known in the United States.

where he served as a visiting artist at

BRIEFLY

IRA Urges Speed In Peace Process

DUBLIN - The Irish Republican Army reaffirmed Thursday its commitment to Northern Ireland's peace process, but warned of "growing frustration" at its pace.

The IRA accused the province's pro-British leaders of failing to take advantage of its second cease-fire, called in July 1997, and of blocking progress in implementing a deal that guarantees new rights for the Roman Catholic minority in Northern Ireland.

Dermot Nesbit, a senior Protestant politician in the province. rejected criticism of his Ulster Unionist Party, reiterating its position that the IRA must disarm before its political wing, Sum Fein, is granted a role in a new coalition admin-

Germany Assures Czechs on EU Bid

PRAGUE — Foreign Minister Josehka Fischer of Germany has assured the Czech government that planned reforms of the European Union will not delay new members from joining, Foreign Minister Jan Kavan of Czechoslovakia said

Thursday. Mr. Fischer, on a brief official visit to Prague, said he would do all he could to help the Czechs join the EU by their own internal deadline of Jan. 1, 2003, Mr. Kavan said.

The Czech Republic is one of five East European states that. along with Cyprus, began talks last year on rapid accession to the EU.

Germany took over the presidency of the EU on Jan. 1 and has said that internal reform will top its agenda, although it firmly supports enlargement.

British Chemical Targets 'Mad Cow'

LONDON - British scientists say in a report to be issued Friday that a chemical they have successfully tested on mice could help in the fight against a new variant of the human brain-wasting malady linked to "mad cow" disease.

The researchers, from Edinburgh's Institute for Animal Health, called for further animal experiments to establish whether pentosan polysulphate could reduce the risk of Creutzfeldt-Jakob

Thirty-five people in Britain have been diagnosed as having the invariably fatal new variant of the disease since scientists said in March 1996 that they had evidence that it could be contracted by eating beef from animals suffering from 'mad cow'' disease.

The Edinburgh researchers noted that pentosan polysulphate. which is known as PS, is already licensed in the United States to treat a form of cystitis.

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PA.

Poisonous Atmosphere

Using the UN to Spy?

Divisions within the United Nations over Iraq have created a poisonous atmosphere in which it can be difficult to determine fact from fiction. That makes caution essential in assessing accusations of misconduct, including reports this week that the Clinton administration may have improperly used weapons inspection efforts in fraq to augment its own intelligence op-erations against Saddam Hussein. It is not yet clear that such a violation of UN

independence occurred. Using UN activities in Iraq as a cover for American spy operations would be a sure way to undermine the international organization, embarrass the United States and strengthen Saddam.

Initial news accounts suggest that Washington may have taken advantage of its technical support for inspections to conduct electronic eavesdropping op-erations aimed at dislodging Saddam. This was supposedly done with the approval of senior inspectors but without the knowledge of the Security Council or Secretary-General Kofi Annan.

While Washington has ample reason to oppose Saddam, using the United Nations to help unseat him through covert means would crudely under-

mine the organization's autonomy.

But more information will be needed to know whether Washington acted so irresponsibly. For one thing, it

is very difficult to differentiate intelligence collection efforts in Iraq. With the blessing of the Security Council,

humble Washington and to discredit the UN inspection team and its leader, Richard Butler, Baghdad would be delighted to see Mr. Butler fired and his colleagues replaced by a more pliant group. That would effectively end any hope of rebuilding a viable inspection system.

Washington did cross a line it should not have if it placed American agents on the UN team with the intention of gathering information that could be used for military strikes against targets in Baghdad. The Senate Intelligence Committee or its House counterpart should look into the American intelligence role in Iraq to determine whether Washington abused its relationship with the United Nations.

What Is Annan Up To?

When Scott Ritter resigned as a United Nations arms inspector last August, Clinton administration officials sought to distract attention from his artack on their confused Iraq policy by suggesting — anonymously, of course — that he had spied for Israel. Now UN Secretary-General Kofi Annan and his team have turned on Ambassador Richard Butler, chief of the UN inspectors, and his entire team with similarly pernicious tactics. The principal beneficiary of their gutless ploy will be Saddam Hussein.

The latest episode began with stories in Wednesday's Washington Post and Boston Globe suggesting that U.S. in-telligence agencies had cooperated with, and profited from, the activities of the UN inspectors, known as Unscorn. "Confidants" to Mr. Annan pronounced themselves shocked and horrified by these revelations. "In the most fundamental way, that is what's wrong with the Unscom operation," one adviser to Mr. Annan told The Post anonymously, of course. Mr. Annan himself continued the sly undermining of his own UN inspectors in a public statement on Wednesday. "We not only ement said. But then it charges true, it would be damaging to the United Nations' disarmament work in Iraq and elsewhere."

What is going on here? It has long been known that UN arms inspectors cooperated with, and depended on, intelligence from the United States and other member countries. Given Saddam's determination to hide his proscribed nuclear, biological and chemical

Washington has long provided UN in-spectors with critically important data about Iraq's chemical and biological weapons programs, much of it collected by satellites and other sophisticated listening devices. Because Iraqi security services protect both Saddam's and Baghdad's unconventional weapons, it is likely that some information about him and his inner circle was routinely acquired by American spy agencies as they assisted the United Nations in its search for arms. Another question is whether the spy work is being distorted by Iraq's allies to

-THE NEW YORK TIMES

weapons capabilities. Unscom had no choice. But both Mr. Butler, an Australian, and his predecessor, the Swedish diplomat Rolf Ekeus, have flatly denied collecting intelligence aimed at undermining or pinpointing the location of Saddam himself. If Mr. Annan or his

circle nonetheless had reason to suspect that the cooperation had crossed some line of propriety, they could have raised their concerns in private. Instead they chose to provide public support for Sad-dam's long-standing harangues against the UN inspectors as "Zionist" or American agents.

Let us not forget: It is the United Nations which demanded, through solemn resolutions, that Saddam Hussein give up his poison weapons. He has spent most of the decade demonstrating his contempt for that demand. You would think Mr. Annan and the Security Council would deem such defiance dangerous and unacceptable. But his team, and countries such as France and Russia, seem rather to be looking for excuses to give way. Denigrating

Unscom provides one such excuse. Since the Clinton administration offers no coherent plan of its own, it may not be surprising that the United Nations veers toward appearement. But it have no convincing evidence of these is a dangerous game. Mr. Ritter said, allegations; we have no evidence of any and President Bill Clinton agreed, that Saddam could reassemble poison went on to add: "Obviously, were these weapons within six months; it has been about five since inspections ceased. The U.S. bombing campaign may have damaged Saddam's missiles, but it probably did not harm his ability to make poison gas or germs. He has used such weapons before, against his own people and others. Is Mr. Annan prepared to live with that danger? Are

-THE WASHINGTON POST.

Other Comment

Money Warps the System

The Christian Coalition claims to represent 13 percent of the American electorate. There is little reason to doubt it. Whatever the number, the group is powerful enough to bring a filibuster on any matter it opposes. That is true to a lesser extent of groups representing the elderly, educators, environmentalists and others.

It isn't that these groups don't have legitimate interests, but they distort the legislative process by wrangling over the smallest issues, leaving Congress paralyzed, the public disgusted and the outcome a crapshoot.

Nothing illustrates what afflicts our democracy so well as this: In our elections, 94 percent of candidates who spend the most money win.

As a result, we politicians have all come to reflexively calculate on every vote, significant or insignificant, first, what 30-second television spot our next opponent can make of it, second, what impact it could have on contributions and third, what interest group it might inflame or please.

Democracy is threatened when the candidates we elect and the laws we enact hinge on how much money is spent. To claim that campaign spending is a legitimate exercise of free speech is to deny the constitutional principle that each one of us counts.

A donor who gives \$100,000 gets a lot more free speech than the assembly-line worker, who cares just as deeply about the issues but doesn't give because he can't afford to, and doesn't vote because he doesn't think his views matter unless his interests happen to coincide with those of the

big donors, which they seldom do.
My office was next to the Finance Committee's hearing room. It would be instructive for all Americans to see that room and the hallways -- cynically called Gucci Gulch - packed with lobbyists when the committee considers tax bills. Money does indeed buy access, and that is when access pays off.

- Dule Bumpers, a Democrat who represented Arkansas in the U.S. Senate and retired at the end of 1998, commenting in The New York Times.

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America and China Need to Head Off a Breakup

L OS ANGELES — A serious crisis may be brewing in Chinese-U.S. relations. At stake is the Clinton administration's policy of engagement, which absolutely is in the U.S. national interest. The looming issue is whether engagement has allowed China to hoodwink America, and whether the engagement should be called off.

The White House is soon to receive from the House of Representatives an explosive report that alleges two decades' worth of efforts by China to acquire militarily potent U.S. missile and nuclear technology. The questions raised — whether such technology was illegally transferred or unknowingly handed over by U.S. companies, or whether Beijing is guilty of outright military-security then — go to the core of U.S. security concerns.

When the president's review of the report is completed, Bill Clinton must be clear about whether China, which denies all charges, has been playing an espionage game while pulling the wool over American eyes with an international public relations campaign.

China poses no great nuclear threat to U.S. territory, but it has been unwilling to forswear the use of force against Taiwan and has a less than stellar record of technology transfer to regimes like Iran's.

By Tom Plate

Despite the gravity of the charges, the outcome of the probe is likely to be determined by politics. For the Republican majority in Congress, China offers an inviting target, especially with its recent crackdown on people attempting to organize a formal opposition to the ruling elite. Worse yet, the Republican Party's core support includes the religious right and evangelical churches that are ideologically opposed to China on many grounds, especially and profoundly Beijing's state policy of abortion for population control.

The political shroud around this issue makes it harder but no less vital that this congressional effort, headed by Representative Christopher Cox, Republican of California, help America make sense of the thorniest dilemma of U.S.-China policy: How can America and the West help China develop tech-nologically, without also helping it de-velop militarily? After all, a missile that puts a satellite communications device in the sky is essentially the same deal that can blast anything into the

sky, including thermonuclear bombs. If helping China with technology for peaceful aims inevitably runs the risk of helping it with ambitions more ominous, should America stop virtually all

technology transfer? That would be a serious overreac-

tion. If the end result of the looming congressional report is a restrictive. take-no-chances policy, then a serious crisis will develop in relations between Beijing and Washington.
The premise of any China engagement policy is that isolating China is a

solution worse than the problem, be-cause only an economically secure and stable China is a good neighbor for the rest of Asia. The West also benefits from helping China emerge from the dark nightmare of the Mao era's failed economic policies. This includes technology help.

But there is probably no way to help move China in this direction that is

risk-free. The key goal of any China policy, then, should be risk management: How can the United States cooperate with China bilaterally, without allowing China a strategic advantage? It is the job of any president to answer that question satisfactorily.

And it is Congress's job to make sure that the China question does not be-

come a political punching bag.

It is to the credit of the Republican leadership on the Hill that this probe has been handed to elected officials like Mr. Cox and Representative Doug Bereuter, Republican of Nebraska, chairman of the House subcommittee on Asia. These are the party's serious players.

Mr. Cox and Mr. Bereuter need to help America frame a policy that encourages Washington and Beijing to develop, in an atmosphere of mutual respect, a joint policy to reduce national security risks.

What past policies or practices. whether open export encouragement or clandestine espionage, is Beijing pre-pared to drop? What practices or policies within China's legitimate national security interests should America be prepared to accommodate?

This kind of nuanced and vital disussion has no hope of success if, in Beijing, the anti-American bawks become ascendant again, as the recent crackdown on dissidents might sug-gest. Nor can much good come from the United States if this issue is steeped in the already vile atmosphere of inpeachment and made even more rancorous by the approaching presi-

dential campaign.
A sensible bilateral understanding is in the murual interest of America and China as sovereign states and as responsible contributors to regional peace and stability. As of now, this is not likely to occur.

Cloning Is Doable, and the Scientists Are Going to Do It

WASHINGTON — The ethical hand-wringing circuit is working overtime on whether human cloning and other fetal manipulations should be tolerated in civilized society. The reality is that the scientific skills for performing these techniques are widely dis-

tributed around the world. So, no amount of scholarly papers or government regulation in the United States and other countries will prevent the work from going on someplace.

And once success has been demonstrated, particularly in methods for growing tissues and body parts for transplantation and treatments, demand for medical miracles will overwhelm the fears and warnings of ethicists and theologians.

Scientists in South Korea recently created a stir with a claim of a successful, but deliberately terminated, first step toward human cloning. As with Dolly, the pioneering cloned sheep, and other advances in cloning technique, the Korean experiment came far sooner than other specialists in the field had expected. Like the first Soviet atomic explosion and the first Chinese missile, these things often do

come sooner than expected. Cloning has now been accomplished many times with animals — eight calves from the cells of a cow were recently reported by Japanese scientists. There is no known biological barrier to cloning a human. But it would be expensive, and, at least in the early days of using the technique, the outcome might be uncertain, and possibly horrendous.

There could be a market for human cloning among parcissistic, wealthy eccentrics. The session of Congress, "emprecedent for a pet market has bryonic stem cells" could do in been established by a Texas

By Daniel S. Greenberg

A&M University to clone their 12-year-old dog. But a mass market for reproducing full-scale genetic copies of pets or humans appears doubtful. However, cloning could find

another kind of marker. Popular attention has focused on cloning as a technique for genetically reproducing an individual. But the more likely future for human cloning is the production of tissue and body parts that will be genetically identical to the parent and therefore immunologically compatible for transplantation.

In place of today's difficult and often frustrating search for suitable organs for transplant-

couple who have provided \$2.3 ation, cloning and other fetal million for researchers at Texas techniques could provide limitless supplies for desperate patients. Basically it comes down to this: Need a new heart, liver or kidney? Grow your own. No need to go to a full-scale human. With advanced planning, just a wee embryo will do to start the organ growing.

No wonder, then, whenever the U.S. Congress and the National Bioethics Advisory Commission ponder a ban on cloning, scientists and physicians plead against restrictions, arguing that the research is bound to produce enormous benefits for mankind.

At present, no federal funds may be expended for human cloning or research using abor-

conducted with private funding. But since federal money predominates in biomedical research, most scientists deem it prudent to abide by the federal

The needed laboratory specialists are quite plentiful around the world, many of them, ironically, graduates of scientific training programs in the United States.

America's passion for healthful longevity has become a political force in Washington. While Congress and the White House talk frugality in federal spending, the one agreed-upon exception is medical research. which has been booming in re-

cent years. The hopes that science holds

red embryos. Research may be and freedom to conduct research are forthcoming - are irresistible.

François Jacob, the French biologist, points out in a forth-coming book: "Science has only been developing systematically for about a century. Only 50 years ago did it find its rhythm, become a kind of institution spread throughout the world, irrespective of borders, nation languages or religions.

Human cloning is coming. Like it or not, it is unstoppable

The writer is a visiting scholar in the history of science, medicine and technology at Johns Hopkins University, where he is preparing a book on post-Cold War science politics. He contributed this comment to

Finance Stem Cell Research and Enjoy the Benefits

WASHINGTON — It is the kind of medical research news that makes politicians wince and just about guarantees full employment for bioethicists. Three different scientific groups recently have claimed the ability to make living cells rious concern. that stay young forever and can be transplanted to any part of

the body where they might replace tissues damaged by disease or worn out by aging. Because these magical cells are initially derived from fertilized human reproductive cells, and in one case reportedly from human DNA put into a cow's ovum, this research threatens to inflame a political debate. What the prospect of human cloning did in the last

ously close earlier this year to passing the first law in U.S. history to criminalize biomedical research is reason for se-No one who has watched the

tion politics of the past 30 years could possibly look favorably on the legislative chamber as the best place to define what constitutes human life, or when it begins. Elected officials with little or no scientific training are not generally comfortable with issues of cell biology.

Most members of Congress

would rather not choose sides when passions are aflame with religious and ethical convictions, and when a wrong move fixed in legislation could derail

By Daniel Perry That Congress came peril- biomedical research of enor-

mous value for the future. Still, the danger remains that overzealous lawmakers could ban the very tools of research America will need to head off a rising tide of cancer. Alzwreckage wrought by the abor- heimer's disease and diabetes as the population ages.

During the next 30 years, the population of Americans above 65 will double to more than 70 million, and half of that number will be above 75. Baby boomers should take note: After age 50 their chances of being disabled by diseases of aging will double every five to seven years.

In purely economic terms, the cost of age-related diseases is staggering. Costs associated with osteoporosis, stroke, de-pression, arthritis, Alzheimer's. diabetes, cancer and heart dis-ease approach \$600 billion a year. Unless scientists discover better ways to treat, postpone and prevent such disabling con-ditions, the burden on Medicare and private insurance will be crushing as the baby boom

moves into the high-risk years.
Without research breakthroughs, the society will be left with the equivalent of very expensive hand-holding for sick

older people. In truth, today's drugs and other treatment for aging-related diseases simply are not good enough. Even the better versions of current pharmaceuticals are designed to treat only the symptoms of heart failure, arthritis and cancer, not the root causes. But there are signs of a historic shift in new drug development.

We are likely heading toward

a time in which therapies will work by postponing the onset of diseases or preventing them by shutting off their general switches. Medicines will be cus tomized to everyone's unique

needs and biochemical profile. Personalized medications would be far more effective and far less likely to carry side effects that too often make matters worse, not better, for older people. Human cells themselves will be engineered as therapies, with the potential to produce insulin for diabetics or dopamine in the brain for Parkinson's sufferers where their original cells have failed.

FIERAL

This is the real promise of the embryonic stem cell stories. It will likely take years of further research, and major technical hurdles must be overcome. Millions, if not billions, of dollars will be required to realize the full therapeutic potential The first of the 77 million bat boomers will be eligible for Medicare in a dozen years. The government should be actively supporting and advancing research using stem cells and other technologies that hold promise for healthier aging.

The writer, executive director of the Alliance for Aging Research, contributed this comment to The Washington Post.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Friendly Spirit ST. PETERSBURG - The in-

terviews with the Grand Duke Cyril, published in the Herald. have excited considerable interest and approval here. Seeing that although that country has no claim on Russia, i.e. has never advanced her money, the United States has received the largest contracts ever given out here. When Mr. Hitchcock returns from here to take his place in the McKinley Cabinet, he can inform his colleagues that no se-rious questions have arisen with Russia, and that others have been met with the most friendly spirit by the Russian Government.

1924: Science Sermon NEW YORK - Dr. Leighton

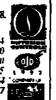
Parks, preaching at St. Bartho-lomew's Church, asserted that the decision of the Dallas Diocese not to try the Rev. L. W. Heaton for his modernist ideas is the only thing that has saved the Episcopal Church from a serious split. Several Modernist pastors preached sermons vesterday [Jan. 6] in condemnation of the Creed and Dr. Percy Stickney Grant urged the preaching of science from the

1949: 'No. 1 Fascist'

BERLIN, Jan. 7 -- " Taegliche Rundschau," official newspaper of the Soviet military administration, called Colonel Charles A. Lindbergh today a 'No. 1 Fascist." It said Colonel Lindbergh was "Hitler's friend and Clay's advisor." Colonel Lindbergh is in Germany on a tour of overseas air installations. He is a special advisor in Air Force Chief of Staff General Hoyt S. Vandenberg. "This friend of Hitler and special advisor of Goering now appears as a special advisor to American Military Government.

MICHAEL GETLER, Executive Editor

 RENÉ BONDY, Senior Vice President and Chief Financial Officer Directeur de la Publication: Peter C. Goldmark Jr.



The Euro as a Catalyst for Asia

1999 and beyond.

HONG KONG - For Asia, the birth of the euro is a catalyst for regional financial change. Already, the first days of the single currency have seen an unusually determined move by Japan to play up the yen's potential role. Japan does not wish to be left behind as the world di-

versifies out of dollars. The surge of the yen has been the most significant currency market development in the euro's first week. Some of that is due to an unconnected change in government policy that has resulted in 10-year bond yields rising from the absurdly low 0.8 percent to the merely very low 2 percent. But at least as much has been the result of specific statements
--- Prime Minister Keizo Obuchi's views on the merits of a strong yen, and Deputy Finance Minister Eisuke Sakakibara's warnings about a U.S.

'bubble economy.' Japan has also just unveiled new short-term instruments and tax changes to encourage

foreign holding of yen assets. For Asia, the yen's revival and the birth of the euro are the second stage of a likely threestage process which leads from a dollar-based world to a tri-polar currency world to a multipolar one in which several Asian currencies, including Australia's, play a significant if subsidiary role in

In 1997, the old dollar link-

ages of several Asian curren-

cies collapsed under the

weight of excessive debt and

an over-strong dollar. The

past year has seen the South

Korean won and the Thai baht thema to China. China's closed

financial markets.

By Philip Bowring

regain stability, but in the context of much less direct relationships with the dollar. Thus they were relatively steady against the dollar last summer when the yen was plunging, but have not surged recently as the dollar has

plummeted against the currencies of Japan and, to a lesser extent, Europe.

The second stage is now: realization throughout Asia that currency values, trade denomination, foreign exchange reserves and borrowings must be diversified toward euro and yen. That is partly because of what happened in 1997, partly because of the euro and partly because prudence demands diversity of foreign debt.

To cap all this, there is now a suddenly dawning recogni-tion that the dollar may not be a safe haven but a foreign debt crisis waiting to burst. The 1994-1998 dollar bull run seems to be over.

As Asian economies and reserves begin to recover, the process of reducing dollar links will become self-reinforcing. It will be gradual, if only because trans-Pacific trade is so much bigger than Asia-Europe trade. But the shift from the dollar will be helped by liberalization of Ja-

pan's financial sector. The third stage is not a move toward an Asian currency. There is neither the political will nor the economic rationale for that. Any Asian currency system would have to be yen-

based which would be ana-

and primitive financial system will not be capable of any international role for decades. The future for the more ad-

vanced Asian economies is the kind of diversity of capital markets and convertible currencies seen in pre-euro Europe. South Korea, Singapore, Taiwan, Thailand and (once it stops shooting itself in the foot) Malaysia will see their own currencies used in cross-border capital transactions. Enter-prises will sell debt, as they now sell equity, denominated in their national money, not in yen, euros or dollars.

Singapore and Taiwan will see significant volume of debt issues by third parties denominated in their currency. Australia has been a good example for more than a decade of how a medium-size economy can finance itself and allow its currency to be a small player in international capital markets without inviting financial destabilization or needing

huge foreign reserves.
If suitable instruments are available, Asian central banks will hold a portion of their reserves in these other Asian currencies. Debt markets generally will grow faster than equity markets, and the role of banks will diminish.

The euro itself may, after the initial flush of enthusiasm. have limited appeal for Asia. Europe's long-term growth prospects are limited by its horrendous demographics. But there is no doubt that the euro will stimulate profound changes far beyond the borders of "Euroland." In Asia those will be beneficial.

International Herald Tribuna

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VGE 5

In so many ways, he strayed be-yond the borders of what many Amer-

This is not how such matters are discussed in Europe. France in particular. President François Mitterrand died, publicly mourned by wife and mistress alike.

OPINION/LETTERS

Lessons From a Monstrous but Heartening Century

By Flora Lewis

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DARIS -- Of course, there was never I any doubt that it was coming, but it is still hard to believe that this is really 1999. It has been out there, waiting for us, for a long time, but more like one of those things that are always to be expected but never actually happen.

The year 2000 is something else, the harbinger of a new century, a new millennium, full of questions, predictions, new decisions. But 1999 is supposed to mark an ending, a long closure that, after all, turns out uncertain and indecisive. In terms of world affairs, the 20th

century was particularly short, from 1914 when the 19th century's balance of power and faith in progress broke down to 1991 when the Soviet Union and the reign of ideology collapsed.

It was also particularly monstrous, and yet the very disasters that man wreaked provoked measures and convictions to break what had seemed an inevitable pattern of human horror. The illusion of the 1920s that war could simply be outlawed was gone, but so was the myth of war as glory, the noblest calling.

The failure of communism left de-

mocracy as the political system and the market as the economic system the clearly preferred theses. But they do not just slip into place when the old systems are gone. What is coming instead, out of confusion and greed in the afflicted countries, looks totally unforeseeable. There is no sign of a new idea, but the old ideas have not started to deliver.

Even democracy, if validated by the end of dictatorships, has lost self-confidence. There are debates about whether or not it is still relevant, in fact, about whether there is any need to be con-



cerned about government. In the United States, 37 percent of voters cast ballots in the last national election, just over one in three, though the Clinton sex scandal had provided all the spectacular

drama that crowd-pullers could wish. Europe found a way to organize itself to make its worst traditional enmities obsolete. Now, 11 countries of Western Europe have pooled their currencies in a single new one, not really the first because gold once served as the common measure of value, but a huge step toward continued integration. They will surely be joined by most of the others in

The idea that economies can and should be managed, born of the savage excesses and wild cyclical swings in the rise of capitalism, has been challenged once more by proof of the market's

despite the climate. They suppress much disease and gorge on pills, so the biblical old age of threescore and ten has become less than the ordinary life expectancy in the developed world. Technological advance has achieved

few can do that. They communicate,

with sound and image, in total defiance of time and space. They can conserve

food and make themselves comfortable

the momentum of a chain reaction. People adjust surprisingly quickly. Change always has costs and drawbacks, but it is welcomed for the extraordinary improvements in material welfare and even just in convenience. Science is admired and encouraged for its own sake, not only for love of knowledge but because there is every reason to think that sooner or later new discoveries will bring new benefits.

Yet, science no longer provides the reassurance it once did that the future can only get better and better. It poses weighty new moral and ethical questions about the beginnings of life and the certainty of death, questions which it cannot even presume to answer. The new capacities it offers are in many ways also new burdens, challenges that nothing has prepared societies to con-

front.
With the arrival of 1999, it is now clear where this century has been: lots to be ashamed of, some things to be quite proud of: a lesson and a preparation, one has to hope, for doing better. It did show that no invention, no trick, no blind belief will solve the problems people face. For that, it takes people of good heart and goodwill. That seems so obvious that it is odd it took until 1999 for the century to define itself.

LETTERS TO THE EDITOR

New York.

enough.

The Tiny UN and Its Tasks

Regarding "The UN Is Improving" Opinion, Jan. 4); This appealingly positive editorial is marred by repetition of the misjudgment that the UN secretary-general, Kofi An-

nan. 'should cut the United Nations' bloated staff and budget more deeply. Given the range and difficulty of the tasks that member countries try to achieve through the United Nations, it is a tiny organization. Your readers may be surprised to

learn that the UN Secretariat has a staff of 9,000, down from more than 14,000 a decade ago. I was astonished to find what a small organization it was when I joined the staff from the Australian Parliament a couple of years ago. The Secretariat is barely 7 percent of the size of public service of the Australian national

Questioning of the cliché about the size of the United Nations is long overdue. When the realities are understood, there might be more pressure to end the tragic illegality of America's failure to fulfill its treaty obligation to the rest of the world through the United Nations. JOHN LANGMORE.

The writer is director of the Division for Social Policy and Development in the UN Department of Economic and Social Affairs.

Time for an Overhaul?

As one who studied constitutional law in the United States in the middle of the century, I must conclude after recent events that the hallowed work of the founding fathers tenscore and twelve years ago is due for an overhaul.

When the acrimony subsides and things get back to normal, we shall certainly be hearing that the American democratic system has again shown its strength. The opposite is true; it has revealed some disturbing weaknesses. The best that can be said of the present turmoil is that members of Congress seem to be groping for some alternative, albeit in a constitutional vacuum.

superior performance. But at the same

time, the market's arbitrary cruelties

spawn new demands for constraints, for

protection of workers and the envir-

primarily because there was such a vast

increase in the world's population. And

yet, like war, poverty no longer seemed

inevitable, decreed by nature and to be

endured. It has become possible to

provide adequate food for the world's

population and to eliminate famines. It

takes human will and agreement, which

exist in some measure but far from

numbers of people live, the 20th century

was as long as the previous 500 or even

1.000 years. People fly, not to speak of

hunkering in outer space because only a

In terms of changes in the way large

There was a vast increase in poverty,

onment. There has to be balance.

Parliamentary democracies are far from perfect, but at least they offer a better chance of coping with political showdowns in a civil manner. There is no need for character assassination and

protracted legal wrangling.

There was no way for the good people assembled in Philadelphia in September 1787 to foresee Web sites, tapes and television. They would have been horrified had they known to what purposes their great work would be used. Had they known, they might have sat down

and prepared another draft. It is up to their descendants to adapt the constitution to changed circumstances. TORE BOCH. Cascais, Portugal,

Milosevic's Defense

Regarding "NATO Warns Both Sides as Kosovo Tensions Rise" (Dec. 24): The NATO supreme commander for Europe, General Wesley Clark, is quoted as saying that in Kosovo "the stepped-up police activities were not in accordance with [Slobodan] Milosevic's pledges in an Oct. 12 agreement." Attempts to bring in men and arms from Albania require a stepped-up police watch. Mr. Milosevic cannot be expected to give up defending the province from those who want to cut it off from his country.

MICHELINE COURTY.

No Matter What the Polls Say, Adultery Is Still Un-American

By Richard Cohen

ton had achieved post-adultery ap-proval ratings that could hardly be higher, the sort of numbers living presidents earn after a successful war or dead ones get after a revisionist Public Broadcasting Service series.

Maybe, I mused, we Americans would all now develop a taste for snails and fret that our language is being

MEANWHILE

debased by foreign words. This would not be such a bad trade. Our food would get better and our people

more stylish. It is worth considering.

And considering is what I did. This led me, as I feared it would, to the realization that nothing much had changed when it comes to sex. The clues were not in the polls but in the language used to discuss infidelity. With both Henry Hyde and Bob Livingston, for instance, the word "indiscretion" was employed, as it both congressmen, a bit addled by drink or something else, had done something they otherwise would not do; some-

thing totally crazy.
We Americans do not consider adultery part of the human condition - a frailty, a foible - but instead a near-perversion, a virtual taboo. In Mr. Livingston's case, the very admission of adultery was enough for certain Republican congressmen to suggest he was unfit to be speaker of the House, that he had campaigned for the job under false pretenses. It was as if he had committed a crime, and not only did others now consider him unworthy of the speakership, so it seemed did he. He quit and called on President Clinton to do the same.

Indeed, our public adulterers often talk about what they have done as if they were discussing a temporary mental disease, similar to a depression, triggered perhaps by a chemical imbalance. A pattern has emerged: a lexicon, a demeanor and a postrevelation procedure. The lexicon has already been covered. The demeanor. as you might have guessed, is hangdog sorry — a palatable regret and (here comes the procedure) the announcement that one has sought counseling or will do so.

There are two kinds of counseling: marital and spiritual. Mr. Livingston announced that he had sought both,

WASHINGTON — For a time, I Mr. Clinton only one. The president, after all, cannot seek marital counmore like France. After all, Bill Clin-seling, for that would entail admitting a defect in his marriage — and presidential marriages, as we all know, must be smiling, hand-holding affairs. So, instead, Mr. Clinton has sought religious counseling. He meets with the Reverends Tony Campolo, J. Philip Wogaman and Gordon Mac-Donald, one of them every week.

We will pray with him, study Scripture together and do our best to help him as he searches his heart and soul," Mr. Campolo said in September when the counseling was announced. He said that if the group sensed the president might also need psychological counseling or treatment, they would tell him. So far, no word on that, I am not trivializing adultery. It can

destroy a marriage, and it can cause great, searing pain. There is nothing particularly urbane or smart about sexually abandoning an older woman for a younger one, even if the marriage remains intact and holidays are spent with everyone involved. Still, there ought to be a middle

ground, an appreciation that whatever adultery may be, it is normal, commonplace; regrettable but not operable. We are all sexual in nature, some of us more so than others.

Mr. Clinton clearly is in the moreso category. But that is not the way he is discussed. Instead, I have heard him denounced as a pervert — not just on account of what he did, but where he did it (the Shrine of the Immaculate White Houses, and to whom he did it ta woman just a bit older than his daughter), and, of course, what he did (not your basic stuff).

icans think is acceptable, standard and normal. He sinned. He's a creep. He's sick. Not so. He is, in fact, a literary character.

In America, such a man (or woman) would be denounced as immoral. maybe sick. In France, though, Mr. Mitterrand was seen as just a man. There — as with "woman" — that is not considered merely a noun, but something else as well: a condition.

The Washmeton Post

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Ducasse IV:

A Mixed Bag

Questioning the Classics

By Patricia Wells

International Herald Tribune

clear that he is on a roll. The man who has attempted to

redefine how a grand French chef behaves (he defies the

old rule that a chef's place is behind the stove) and to prove

how long his arms can stretch (regular flights between his

three-star restaurants in Monaco and Paris, with weekend

appearances in his retreat at Moustiers, in Provence) is

When would one ever pronounce in the same breath the

words "luxurious, refined and audacious" with "iceberg lettuce, BLT and pastrami on rye"? But they all apply to

his newest effort, a small and smart spot right off the

Spoon is perhaps France's first truly international

restaurant, dipping into French, British, American, Itali-

an, Chinese and Indian cuisine, with a décor that turns

heads and, again, attempts to question classic traditions.

cloths that slip into slots, like elegant table runners. Some

70 magazines from around the world are there for guests

to read, and notepads and pencils are set at each table to jot

down one's thoughts. Along with knives, forks and of

course spoons, each diner receives an elegant pair of

Christofle bamboo chopsticks, which I never saw anyone

use. Although the restaurant advertises a "free" second

cup of coffee and warm steamed towels at the end of each

The menu is not organized in a normal first course,

main course, cheese and dessert progression. Each section is divided into three columns, allowing diners to mix and match according to the main dish, the sauce, and rice

or vegetable accompaniment. And in this era of something for everyone, the menu is bilingual French-English, with Asian and vegetarian dishes, and everything from pastrami sandwiches to South American cebiche to

Half the wines on the list come from America, with a

fine showing from Australia and New Zealand, a true "happening" in France. And the cheese course (rather than the classic Brie, Camembert and Roquefort) consists

But the proof of the pudding is in the eating, and on that

front Ducasse has a way to go. Some of it is not his fault. Truth be told, the public is not all that ready for such a

reshuffling of the status quo. On a recent evening the well-

heeled international crowd appeared downright confused

glass bowl was instantly transferred to a common plate for

of Philadelphia Cream Cheese, Cheddar and Stilton.

Rather than with tablecloths, tables are dressed with

now redefining the modern concept of world food.

increasingly upmarket Champs-Elysées.

meal, we were offered neither.

Chinese steamed ravioli.

ARIS - Alain Ducasse, with a total of six

Michelin stars to his name, cannot afford to lose.

With the recent unveiling of Spoon Food &

Wine - his fourth restaurant in France - it is

DINING

more practical eating.

On our recent visit, everything that came from the kitchen looked and tasted very dry, and was by and large lukewarm. Even the wok-seared vegetables had that soggy, stewed airline quality about them. And though I am all for choosing what I eat and when, we are not always the best judge of what garnish goes well with each dish. The best finds on that visit included a full-flavored yourn koung soup, full of spice and laced with squid and shellfish, as well as designer macaroni gratin, rich and plump, with plenty of veal cooking juice to pour over it.

Less successful were the very dry, tasteless grilled squid served with a perky sauce of crushed preserved lemon, and a dry roasted veal steak cooked on the rotisserie.

With seating for no more than 70 and tabs that inch toward 500 francs (about \$90) with a decent bottle of wine, this is not the sort of cuisine that is going to keep Ducasse at the top. The concept reminds me of a model for a worldwide chain. But I am sure Ducasse has already thought of that.

Spoon Food & Wine, 14 Rue de Marignan, Paris 8. Tel: 01-40-76-34-44; fax: 01-40-76-34-37. Closed Sat-urday and Sunday. All major credit cards. A la carte, 200

A Space Exploration

Head for Toulouse and Go Into Orbit

By Craig R. Whitney
New York Times Service

and stately homes on the Garonne River in southwestern France may be noted for foie gras, but it is just as proud to be the aerospace captal of Europe.

The first regularly scheduled airline flights in France time. took off from the Toulouse airport in the 1920s, and now of the Airbus consortium are assembled in a vast hangar in the suburb of Colomiers; the National Center for Space Research has been centered in Toulouse for 30 years.

When the mayor, Dominique Baudis, launched an air and space museum, La Cite de l'Espace, which opened on the eastern outskirts of the city in mid-1997, he hoped it would attract 160,000 people

the general public could come to learn what space exploration was all about, and how it's said Jean-Noel Plachez, who worked with the mayor and conceived the museum's exhibits, overseeing their design and construction in a bit more than three years. La Cite de l'Espace suc-

ceeded beyond their wildest dreams. In its first 18 months, nearly half a million visitors have flocked to see it, spending an average of five and a find out what it is like to pro- and realities of space." gram the launch of a satellite they gather back to Earth.

Mechanical displays give a realistic sense of how difficult space station in conditions of ation of the earth's moon. weightlessness, or how easy to lose a satellite in space by put-

wrong point during a launch. Life-size structural models abound, both inside — where satellite hangs in midair and in the grounds outside, and you can walk through part by the Russians. The dials and gether from a kit in your basement, not high-tech at all.

As Mir is replaced in space by the new international space station whose first two stages have now been assembled, the museum will develop exhibits on that, too.

The idea behind the museum is that people will come out of here a little more intelligent about space than when they came in," said Bernard Burel, the general di-

OULOUSE. France if you can read French. There - This city of ancient are abridged explanations of pink-brick churches the static and interactive displays in English and other foreign languages, including Catalan, that you can listen to with headphones. Computer programming that will allow fuller explanations over the headphones may take some

> figure out even without the language. If you are a 55-year-old child like me, you may find illumination in the simplest displays, such as the tilted globe moving in a circle like the Earth's orbit around the sun, represented here by lamps that show how the planet's inclination on its axis creates the seasons.

More complicated displays show, for example, how satellites using radar measure-ments of the ocean's surface can determine wave heights, 'We wanted a place where and thus wind speeds, and how global positioning satellites tell you precisely where you are on the ground.

'ENTIRELY NEW'

'I was very impressed," said Valentine Abdy, the European representative of the Smithsonian Institution, who is intimately familiar with its National Air and Space Museum in Washington. "I expected to see a pale imitation and instead what I half hours a visit, lingering discovered was something over scores of interactive entirely new and original, computer displays that let you dealing with the problems

If La Cite de l'Espace is a they send the information demonstrating, with the benefit of a clever optical illusion, how easily he seemed realistic sense of how difficult able to leap half his own it must be to close a valve on a height in the feeble gravit-

The moon finally came to the museum on Dec. 10, 1998. ting on a burst of speed at the when a moon rock brought back on the Apollo 15 mission by the astronaut David Scott was put on display until a huge Soho solar observation March 7, 1999. On loan from rock is the centerpiece of a satellites at 36,000 kilometers of the Mir orbital station built series of temporary exhibits on the moon and the Amercontrols look curiously like ican rockets and space vehisomething you might put to- cles that first put astronauts onto its surface 30 years ago.

Most of the space hardware on view is European, with the two biggest pieces being the Russian Mir station, sold to the museum indirectly by authorities of the cash-starved Russian space program for \$1 million, and a model of a towering Ariane 5 rocket developed by the European Space Agency and its partners in France and elsewhere to launch private satellites at \$80 million a whack.

La Cite de l'Espace may indeed make you feel smarter, de l'Espace, NASA gives most of its obsolete hardware to the National Air and Space Museum. "We would like to have

more American objects on display," Burel said. "The greatest space power in the world isn't well represented here, and it ought to be." Nevertheless, John Glenn here, holographically, in

his Mercury Friendship 1, as is Yuri Gagarin in Vostok 1. And when Glenn went aloft again in the space shuttle Dis-covery in October, the museum showed the launching live on a giant screen. Originally planning a museum of sculpture on the site.

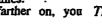
in an open plain near the city's first airport, Toulouse set its sights on space instead in 1994, forming a semipublic company that raised more than \$27 million to finance

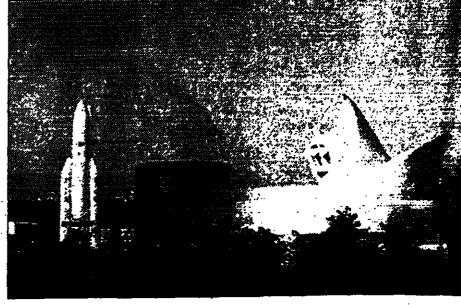
About half the money came from funds provided by the city, various state ministries and agencies and the Midi-Pyrenees regional council. The rest came from other founding members or associates, including the European Space Agency; the National Space Study Center: Aerospatiale (the French component of the Airbus consortium); Matra Marconi Space; the national gas and electricity utilities, and Meteo France, the national weather agency.

Now, with an operating budget of around \$5.5 million a year, the challenge, Plachez says, is keeping the exhibits up with the fast-changing environment the museum rep-Overenthusiastic into orbit, how satellites are teaching tool, it is also terrific schoolchildren also take a toll maneuvered in space and how fun, as Plachez showed while on sensitive toggles on the interactive displays, and keep the small maintenance staff, in black jeans and dark-blue windbreakers, on the run.

> The central part of the building, behind a striking metal screen that resembles a deep space radio telescope, has three levels. You start by passing a scale model showing various satellites orbiting the earth, beginning with the space shuttle and going the National Aeronautics and farther out in space to geo-Space Administration, the stationary communications (22,500,miles).

> > UP, UP AND AWAY Interactive displays farther along explain how all those satellites get up there, and what they re used for. One of the first is a "satellite table" that challenges you to launch a little red satellite and observe the shape of the orbit achieved by applying or not applying speed at various points in the trajectory with a booster one of 170 such interactive devices visitors come across. this one teaching a bit of celestial mechanics.





La Cite de l'Espace opened on the eastern outskirts of Toulouse in mid-1997.

choose your own rocket launcher and satellite, program the launch on a computer, and then go inside a realistic-looking room to watch, on large monitoring screens on the wall. blastoff and entry into orbit, all in real time, though the images are of course films or

computer simulations. As you move along, holographs of actors playing key scientists from Isaac Newton to Albert Einstein and Wernher von Braun can be' summoned up to tell you what their discoveries meant for space exploration, and a little

bout their lives. The choice of Von Braun, who used to do this sort of thing on Walt Disney television shows before the Eiadministration drafted him to help the United States catch up to the Russian Sputnik with the launch of the first American Explorer satellite in 1958, initially caused some controversy. Some visitors thought the museum let him off too easily for his work

center in Peenemunde. A model of Sputnik hangs over the stairs to the second floor, which explores the uses of satellite observation of

labor at the rocket research

what satellites have discovered about vegetation, tidal action, ozone levels and winds, and how they are used to forecast the weather.

tographic images in space are an alarm clock for those who converted into digits for transmission to Earth and then reconverted into pictures, and I understood for the first time how satellites using radar can scan the ocean's surface and produce an approximate picture of the sea bottom — the surface is full of bumps and dips that roughly mirror the ones thousands of feet below, it seems.

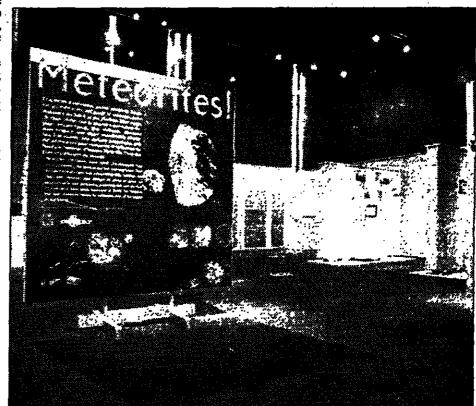
The top floor focuses on on the killer V-2 rockets built Here are fascinating close- days.

by the Nazis during World War II with the help of forced ups from fly-bys of the moons of Jupiter, and explanations of how the Hubble Telescope has changed no tions of the age and size of

the cosmos. On the ground floor again, the Planetarium treserve a Earth, with demonstrations of seat for a showing when von buy your tickets) takes you on a quick virtual tour of the solar system and the galaxy, using an American Digistar 2 three-dimensional projector with some seats that recline ERE was the clearest almost horizontally for a berexplanation I have ter view. A simulated colliever seen of how pho-sion with an asteroid acts as

need one. The small museum shop is full of toys, models, souvenir meteor fragments, books and even "space wine" from the Domaine de Ribonnot nearby, a red that costs about \$16

La Cite de l'Espace is open daily except Mondays from 9:30 A.M. ta 6 P.M., 7 P.M. on weekends, holidays and in the summer. It is open Mondays exploration of the universe. as well during school holi-



HANCE

A little farther on, you The museum has a host of interactive-computer and mechanical displays.

The Fading Tradition of Tang the Toymaker

By Mia Turner

EUING - In his cramped workshop, smelling of glue and littered with wood shavings, Tang Qiliang makes the toys his family has created for four generations. He is China's Geppetto, devoted to his work despite the fact that it brings him little income. But unlike Geppetto. Tang's Pinocchios will never dance on stages or sing for him. Instead, at 80, the Beijing toymaker is

struggling to keep his toys from dying. Tang is one of 50 such craftsmen in Beijing, the oldest of whom is 85. He fears he is among the last. "I would teach anyone for free how to make these toys," he says. But even his son and grandson are not interested. His son, for instance, earns more money working in a Beijing coal factory.

And Tang's failing eyesight is a sign that the end of his craft is near. "These are the last of their kind," he says of the carefully made wooden and papier-maché toys that line the shelves in his small home on an old courtyard in central Beijing, which he shares with another family. "Children still love my toys when they see them," he says proudly.

COMPUTER GENERATIONS Most children only get to see them once a year, however, at the local temple fairs held during the Chinese New Year when artisans emerge to sell their toys. In an era of video and battery-operated games, the marketability of Tang's toys is limited. Toy shops in the capital won't sell them. And in the toy department of the capital's Scitech Plaza the biggest selling items

are Legos. "Parents want toys that make their children think," says Zhang Xihui, an employee at the Scitech mall. He says many parents will pay as much as 1,370 yuan (\$167) for a Lego set, no small sum in a city where monthly salaries toys that have them sitting in front of a screen average 1,000 yuan. They also want toys that are absolutely safe, he adds. Tang's handmade wooden toys, which today are often roughly made because of his poor eyesight, computer games. "The generations aren't the might not be able to provide that guarantee.



Tang Qiliang in his workshop in Beijing. "These are the last of their kind."

Beijing Toy Association and an avid toy collector, says that traditional toys still have a role to play in China. "Computer games don't develop the imagination of children no matter how much stores insist that what is new or imported is better," he contends. Chinese kites and paper lanterns have the added advantage of getting children outdoors, unlike or slouched in an armchair.

His 12-year-old grandson, Liang Zhanzhan, disagrees, however, and prefers playing same, so the toys aren't the same," he says Liang Zuwang, general secretary of the with a shrug.

Like Tang, the elder Liang insists that tradition must be preserved. Tang's creations, which are replicas of toys that date from the already has more than 1,000 pieces from Qing Dynasty (1644-1912), all have a story to around the country, including contemporary which are replicas of toys that date from the tell. They are meant not only to delight, but also to teach children about their culture's history and values. Tang's colorful horses and carriages are steeped in memories of ancient legends of emperors: "Video games don't tell

you anything about history." he says.

Like the slow disappearance of his traditional toys, Tang's life reflects the fading history of this city. One of the few Manchus still living here, he recalls when the city had a strong Manchu presence. His forefathers arrived in Beijing in the 17th century as members of the Blue Banner group, a battalion of soldiers who protected the Qing emperor.

As a way to supplement a soldier s meager

income, his great-grandfather began making toys, a craft that was at one time dominated by toymakers of Manchu origin, Tang asserts. It became a vocation that his father passed on to his descendants.

When he was 10, Tang began learning the trade from his father. He also continued his father's practice of getting his toys to markets around the city. But in 1958 private businesses were banned by the government and Tang was forced to abandon his livelihood; he was given a job in a Beijing toy factory, where he worked until his retirement in 1979. Then he returned to his private workshop.

ANG'S life reflects the enormous changes that have taken place in modern China. He proudly tried to preserve his Manchu heritage, but in the chaotic decade of the Cultural Revolution he had to hide his origins to survive, deflecting the bands of fanatical Red Guards wreaking havoc around the country by claiming that he was Han

"I burnt our family's genealogical book just in case," he remembers with sadness. It was his last monument to his Manchu roots. No tangible proof remains of his family's heritage except his toys, and now even those are condemned to disappear.

Before they are gone, however, Liang, of the toy association, is busy collecting them. He has scoured China for toys like Tang's, and ones. He hopes to open a small museum in his home one day to display his collection. "They have to be preserved," Liang asserts.

When he is not making toys, Tang can be found selling them outside his courtyand house on Guozijian Street near Confucius Temple in Beijing. Telephone: (86) 10-6400-

Mia Turner works for Time magazine in

فلكذا س الاعل

THE THIN RED LINE

Directed by Terrence Malick. U.S. A thrilling sense of déjà vu accompanies the lush Edenic images that provide The Thin Red Line" with its prologue in paradise. Even if they could be watched without knowledge of their provenance, they would be instantly identifiable as the work of Terrence Malick, whose 1970s "Badlands" and "Days of Heaven" was a fitte mark 'Days of Heaven' were two of the most beautiful and elusive films of their time. Malick's subsequent two decades in cinema limbo may have turned him into a figure of hype-inviting mystery, but it's immediately obvious that they have not dimmed his visual genius. Here is a visceral reminder of all that made his past work so hauntingly majestic, even if this movie's difficulties will soon announce themselves with equal clarity. Intermittently brilliant as it is, "The Thin Red Line" shows why being a great film director and directing a great film are not the same. Having envisioned an adaptation of James Jones's famous Guadalcanal novel since at least 1988, Malick has had time to drift far afield of his original idea and into something hazier. Though its starting point was book full of gut reactions and detailed particulars, Malick has moved the material to a different plane. Disjointed poetic effects and ravishing physical beauty now supplant the nuts and bolts of wartime experience. As filmed mag-nificently by John Toll, "The Thin Red Line" seems to capture every blade of grass gloriously while also reminding the audience over two and three-quarter hours how very many blades of grass are here. Nick Nolte joins Sean Penn, Elias Koteas and Woody Harrelson as stars who manage to emerge with strong per-sonalities intact. But no one here has a role with much continuity, since the film's editing shows off the performers to such poor advantage. "The Thin Red Line" will as easily fascinate those at-

The heart-piercing moments that punctuate its rambling are glimpses of what might have been. (Janet Maslin, NYT)

EL ABUELO

Directed by Jose Luis Garci. Spain. Jose Luis Garci won the 1982 best foreign film Oscar for "Begin the Beguine" and he's back now with "El Abuelo" (The Grandfather), an engrossing and luscious adaptation of a tale by the Span-ish writer Benito Perez Galdos. The plot concerns an eccentric aristocrat who returns broke from the Americas to his native northern Spain at the turn of the century, where he locks homs with his

tuned to Malick's artistry as it might

disappoint anyone in search of a plot.

"The Thin Red Line" is one more film

that could have been helped by excising

repetition and focusing performances, but it wanders almost randomly instead.



GUIDE

Rafael Alonso, left, and Fernando Fernan-Gomez in "El Abuelo."

widowed and defiant danghter-in-law. She has had two daughters, one by an extramarital affair, and the grandfather desperately wants to know which of the charming two young girls is his true descendant. Fernando Fernan-Gomez, a nearly revered Spanish veteran actor who sports a flowing white beard here, offers a commanding portrayal of the grand-father, full of wisdom yet bedeviled by the search for the truth. The daughter-inlaw, played by Cayetana Gullen Cuervo, is credible but not nearly his on-screen match. That void is filled by Rafael Alonso, another veteran, playing the tu-tor of the two girls in his final appearance before his death last October. The scenes between the two old men on the windswept verdant cliffs of Spain make an indelible print on the emotions, adding humor just at the right times. The characters who comprise the town's smallminded and greedy elite add spice to the plot, and even the two young actresses as the girls are an added delight. The result is film lasting two-and-a-half hours, slow ican movies, but here weaving a magnificent spell on the viewer. The Spanish Film Academy has submitted . "El

LOVE IS THE DEVIL

Directed by John Maybury. U.K. 1992), who is the subject of a new film monster tick. (Michael O'Sullivan. WP)

biography, writer-director John Maybury weighs in on the side of his private life, the hurid details of which are explored — but without illumination - in the visually stylish but ultimately obscure "Love Is the Devil." Some of this lopsidedness is due to the fact that Bacon's estate did not allow the filmmaker to use any of the artist's actual works in the movie. What's strangely missing in this story of a great but troubled artist is the art itself. What's left is the tawdry but closely observed tale of a man for whom friends seem like so many tubes of paint to be squeezed dry and then discarded in his notoriously cluttered studio. The chief victim of his low regard is George Dyer (Daniel Craig), a Cockney burglar seduced by Bacon (Derek Jacobi) with the blunt (and unlikely) line "Take off your clothes," when the painter encounters him in his studio in the middle of the night. Lo and behold, the two become an item, lasting some seven years. I hesitate to use the term "lovers," since affection seems to have little to do with their relationship. by the standards of action-packed Amer- Dyer caters to Bacon's tastes for pain and rough sex, while Bacon returns the favor by condescendingly introducing the lowclass Dyer to the supercilions toffs he Abuelo" as its candidate for a best for- drinks with. Jacobi's physical transforeign film Oscar. (Al Goodman, IHT) mation into Bacon is remarkable — he has his scornful, penetrating eyes and the downturned mouth of a man who has tasted something bitter. The uncanny like-Which is more interesting—an artist's art ness, however, is all the more frustrating or his private life? When it comes to the because the chilling impersonation afness, however, is all the more frustrating English painter Francis Bacon (1909- fords little insight into what made this

FREQUENT TRAVELER

Challenges for the New Year

By Roger Collis
nternational Herald Tribune

HAT are my predictions for travel in 1999? Your crystal ball is as good as mine. The Asian financial collapse last year, followed by crises in Russia and Brazil, earned the economic pundits a reputation for perfect hindsight. In Europe and North America, we're still

waiting for the other shoe to drop. Whether the seller's market that airlines and hotels have enjoyed until now - with high load factors and occupancy rates - will shift to a buyer's market this year, is an open question. But don't belonging to partner programs. Some expect business travel to get cheaper any alliances prohibit "cross upgrades." time soon. Analysts predict that passenger numbers will grow by

tain high business fares as they consolidate their market dominance through alliances and code-sharing, in which

choice of destinations and "seamless" transfers. But unless market forces increase competition, the only sign of better deals are lower costs for carriers.

There is still competition — between alliances. Look out for more consolidation this year as airlines join one or another of the major groups. There are: Star Alliance of Air Canada, Air New Zealand, Ansett, Lufthansa, SAS, Thai Airlines, United Airlines and Varig; One-World of American Airlines, British Airways, Canadian Airlines, Cathay Pacific, Finnair and Qantas, and Qualiflyer Group of Swissair, Crossair, Austrian Airlines, Delta Airlines and Sabena.

New alliances are announced almost every day — BA, Cathay Pacific, Iberia, Japan Airlines and LOT Polish Airlines; Northwest Airlines and Continental; American and USAir, Singapore and China airlines; Air New Zealand and Singapore. And a bewildering release from Swissair the other day about "Swissair Express: a new look for code-share flights," whereby "Swissair and Air One of Italy will now fly Zurich-Venice and Zurich-Bologna routes using a Debonair aircraft in a special 'Swissair Express' livery." You can never be sure that the airline you book, or think you've booked, is the one you will actually fly.

the Qualiflyer group because of Swissair. But I'm not allowed to compete any more against a guy in the same alliance. I don't know what's going to happen; but I don't think alliances will last too long."

Upgrades - one of the most soughtafter benefits of frequent-flier programs --- could be one of the first casualties of airline alliances. The problem for 'elite'' frequent flyer members is sharing scarce upgrade seats with travelers Murray Greenfield, a reader in Tel

about 6 percent — slightly less than available seats. But airlines will be able to mainmaintain yields by holding prices for premium fares.

partners' flights. Arguable benefits to Aviv, writes to complain that Swissair cutting operating costs. Some carriers there of destinations, a wider refused to redeem a reward for miles refused to redeem a reward for miles are now cutting agency commissions earned on Delta, its alliance partner. and dropping direct deals with compaearned on Delta, its alliance partner. When he remonstrated with Delta, Greenfield was told that his "free" ticket would cost nearly twice as many miles as the same ticket issued by Swissair anyway. So much for reciprocity.

Meanwhile, expect air fares in Europe to rise by at least 6 percent — especially in the front cabins. Business-class fares in Britain are higher than ever (typically more than twice the price of unrestricted economy fares). Premium fares across the Atlantic from Britain are 25 to 30 percent higher than from cities in Continental Europe, although you'll find the best discount fares in London. The good news is that such no-frills

carriers as Ryanair, EasyJet, Debonair, Virgin Express and British Airways Go offer a growing network of cheap oneway fares among more than 30 destinations. This is the thin end of the wedge for major high-cost carriers as business travelers forgo spurious frills for cheap fares. BA admits that it is losing business to its low-cost clone.

Demand for hotel rooms in Europe will remain strong, particularly for midrange properties with rates increasing by 4 to 6 percent as travelers look for value in the shadow of a feared recession.

In the United States, Michael Boult,

BOOKS

ecutive of Crossair, Swissair's regional subsidiary, said, "Travelers are about to be cheated again." buth International, says that unrestricted domestic air fares could increase by 4 to 8 percent, while restricted fares could "Airline alliances are nothing more than monopolies," he said. "We are in will pay 3 to 5 percent more than in 1998. while those flying trans-Pacific routes can expect to pay 5 to 7 percent less. Hotel and car rental prices could increase by 5 to 8 percent, mainly because of consolidation and less competition.

Business travelers in the Asia-Pacific region will also face increases in air fares and lodging in 1999, "While Asia-Pacific cannot be seen as one story, 1999 will be a holding year where economies try to reestablish their basics and build a pattern for growth," said Clint Cable, general manager of supplier relations at Rosenbluth in Sydney. "Companies that took advantage of 1998's lower air

fares and hotel costs may see price increases of 3 to 5 per-cent this year."

Most major airlines in the Asia-Pacific region survived the 1998 economic crisis by restructuring routes to re-

cities, such as Sydney and Taipei, are still holding steady, 'Cable said, 'Only new hotels seem to be offering specials. Capacity in the hotel market has in-creased, but it probably will not lead to additional savings for business travelers because it is only meeting current de-mand. In cities where hotel prices dropped dramatically in 1998, such as Hong Kong and Bangkok, the feeling is that rates will not drop any further. The business-travel market has not decreased in Asia-Pacific - it remains quite strong; and the crisis has forced businesses to look for new markets and

connect with new customers." This is reflected in the American Express Asia-Pacific Airfare Index for the fourth quarter of 1998, which shows a fare increase of one percent — a bit more for business class — in the last three months. Promotions still offer bargains, but carriers are desperate to maintain yields by holding prices for premium fares.

The challenge for business travelers is to beat the system.

Roger Collis can be reached by fax at Moritz Suter, president and chief ex-director of supplier relations at Rosen- (33-4) 93-74-77-92.

ism and obsessive-compuls-

ive disorder. The record is

very poor. In a particularly

most famous patients, a Rus-

because of a feature of one of

his dreams. Freud treated him

age 86, he said: "In reality,

the whole thing looks like a

state as when I first came to

psychoanalysts around, it is

also useful to imagine what

they were facing 50 years

ago. The alternative to their

mode of treatment was, in

most cases, institutionaliza-

tion in isolated and often hor-

rible hospitals. For some pa-

tients, it included treatments

destructive of their brains and

psyches. With the arrival of

Thorazine and other medic-

ations, institutionalization

was often accompanied by in-

voluntary drug treatment. In

this context, talk therapy

seems humane and benign.

especially when, then as now,

these illnesses appear to have

so much content, so much

meaning, for doctors and pa-

in "Madness on the Couch"

lacked the ability to question

orthodoxy and to face the ter-

rible threat of competing ev-

idence. Virtually none was a

scientist, although all cloaked

themselves in the magisterial

reporter for The Boston

Globe, makes this case firmly

but fairly, and without the vi-

tuperation that characterizes

so much contemporary writ-

Washington Post Service

ing about psychoanalysis.

Dolnick, a former science

As a group, the therapists

tients to wrestle with.

robes of science.

But while it is easy to kick

GUIDE

BRITAIN

Scottish National Portrait Gallery, tel: (131) 332-2266, open daily. To March 7: "Prophets and Pligrims: Ruskin, Proust and Northern Gothic." The Victorian art critic and theorist John Rustin (1819-1900) had a great influence on several 19thcentury figures, such as Proust, lated Ruskin's works into French. The exhibition displays drawings and watercolors.

National Gallery, tel: (171) 747-2885, open dally. To March 7: Zanobi Strozzi: In the Light of Fra Angelico." Brought together with several paintings by Fra Angelico. works by Zanobi Strozzi, one of his pupils. The centerpiece is the 15th-century painter's "Annunciation."

www.nationalgallery.org.uk

Shanghai Museum, tel: (21) 6372-3500, open daily. Continung/ To Jan. 31: "Zao Wou-Ki: Sixty rears of Painting." Abstract oils by the Chinese-born painter reflecting European and Chinese influences.

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20-06-78-00, closed Mondays . To March 14: "Goya: Un Regard Libre." On loan from European. American and Mexican collections, 60 works by the Spanish painter (1746-1828). They include religious scenes commissioned by the Spanish court and clergy, por-traits of Madrid high society, still lifes and tapestry cartoons.

Feb. 14: "Rembrandt et Amsterstreets and along the river of Amsterdam, Rembrandt (1606-1669)

brought back drawings and etchings: More than 40 works are exhibited with works by his contemsee-Galerie de la Seita, tei: 01-45-56-60-17, closed Mondays and holidays. To March 7: "Kokoschka: Pelatures et Oeuvres sur Papier, 1906-1931." Portraits and landscapes in the early paint-

ings, drawings and watercolors of

www.selta.fr/musee/ GIRMANY

Museum für Kunsthandwerk, tel: (69) 212-34037, closed Mondays. To Feb. 28: "The Southern Neigh-

bors: Early Ceramics and Bronzes From Vietnam." More than 80 early from German, American and Brit-

HONGKONG

Hong Kong Museum of Art, tel: (852) 2734-2167, closed Thursdays. To Jan. 31: "Contemporary Portuguese Architecture: Sea, Stone and Space." Models and photographs document how 10 Portuguese architects integrate

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59-12-40, closed Mondays. To The exhibition features 300 Italian and European artworks.

> Palazzo Grassi, tel: (041) 522-9875, open daily. Continuing/To May 16: "I Maya." Six hundred items trace the development of the Maya civilization in Central America and Mexico.

www.palazzograssi.it JAPAN

Kasama, Ibaraki Prefecture Kasama Nichido Museum of Art, tel: (0296) 72-2160, closed Mon-days. To Jan. 17: "Shiko Munakata." Prints by the Japanese woodblock printmaker (1903-1975).

NETHERLANDS

AMSTERDAM Rijksmuseum, tel: (20) 573-2121, open daily. To March 14: "Adriaen de Vries, Imperial Sculptor, 1556-1626." Fifty bronzes and 25 drawings and prints by the Dutch sculptor whose work was commis sioned by Emperor Rudolf II in Prague and other European royalty. The exhibition will travel to Stockholm and Los Angeles.

Guggenheim Museum, tel: (94) 435-9000, closed Mondays. Con-tinuing/ To March 7: "Robert Rauschenberg: A Retrospective." Paintings and sculpture by the www.bm3.es/guggenheim/

UNITED STATES

Bass Museum of Art, tel: (305) 673-7530, closed Mondays. To Feb. 21: "Maxim Kantor: From Russla's Past." Twenty paintings by the

targe expressionist works reflect the fears, misery, somew and alienation of the individual in Soviet and Rusin the Heyday of sian society. The exhibition will travel to Belfast and Luxembourg.

New York Museum of Modern Art, tel: (212) 708-9400, closed Wedne Continuing/ To Feb. 2: "Jackson Pollock." A celebration of the American painter's drip technique. www.moma.org

National Gallery of Art, tel: (202) 737-4215, open daily. Continu-ing/ To Feb. 15: "Edo: Artin Japan, 1615-1868." Painted scrolls screens, costumes, armor, sculoture, ceramics and lacquerware from the Tokugawa period.

www.nga.gov **CLOSING SOON**

Jan. 10: "Master Drawings From the Hermitage and Pushkin Museums." Morgan Library, New York.

Jan. 10: "Calligraphic Art." Tokyo Edo Museum, Tokyo. Jan. 10: "Capa's Life." War photographs by Robert Capa. Sog Department Store in Chiba, Tokyo.

Jan. 10: "Mantegna to Rubens' and "Claude Lorrain." British Museum, London. torene Paradies." Neue Nationalgalerie, Berlin. Jen. 10: "Felipe II, Un Principe del

do, Madrid. Jan. 11; "Lorenzo Lotto." Grand Palais, Paris. Jan. 15: "Rene Magritte." Pushkin Museum, Moscow.

Compiled by Elisabeth Hopkins

retold the story to colleagues ing. It explained religion, treating schizophrenia, autand students, with special at- literature and many historical from rounds in teaching hospitals to case reports in medical journals, this narrative pages. \$25. Simon & Schuster.

tradition is still an important part of medicine. But it is not without hazard, and it can do great damage. HE term "medical sci-That, among other things, is ence" is common parthe lesson of Edward Dollance, but in truth medicine has nick's fascinating "Madness

been a science for only a small on the Couch.' The book tells the story of The experimental design of grievous mistakes made this clinical research — randomcentury by the branch of ized controlled trials to test medicine last to recognize the value of scientific inquiry: trolled studies to test theories psychiatry. The agent of the of causation — did not become mistakes is one of mankind's common until after World War most influential narratives: Freudian psychology.

Beginning with "The In-II. In Lewis Thomas's felicit-

ous phrase, medicine is the terpretation of Dreams" in For most of its history, 1900, Sigmund Freud con- not caused by anything parmedicine was exclusively a structed a system for under- ents do. Obsessive-compulsnarrative art. The patient told standing nearly every aspect ive disorder is a first cousin to his story and the physician of human behavior. His thelistened, examined and ory explained child developtreated. The physician then ment and adult decision-mak-

tention to his interpretation of events. And, of course, it exthe illness and his account of plained mental illness. Almostr Freudian psychology's power tracked down one of Freud's to interpret and explicate.

Dolnick explores what sian paralyzed by obsessions happened when this daring and nicknamed the Wolf Man and prideful attitude took on schizonhrenia, autism and obsessive-compulsive disorder. from 1910 to 1914. In 1973, at Those three conditions are now generally conceded to be

"brain diseases" in the sense catastrophe. I am in the same that a person's experience and character have little to do with Freud." either their occurrence or the course they take. Studies of identical twins, for example, have shown that genetic endowment plays a bigger role than upbringing in determining who becomes schizophrenic. Although autism is a great mystery, reasonably rigorous research suggests it is several indisputably neuro-

logical illnesses. As it happens. Freud had little to say about schizophrenia; not so his followers. They explored this terra incognita armed with his unwavering intellectual cer-

Exactly how they did their damage was the material of endless papers, by dozens of psychoanalysts. Trude Tietze, a Johns Hopkins psychoanalyst, found the mothers subtly dominating. To Harold Searles, it was the "capriciousness" of the mother's love that was responsible. Theodore Lidz, chairman of psychiatry at Yale, viewed schizophrenia as a 'defi-ciency disease,' with parents

guidance and enculturation." What these ideas shared was not only their harsh indictment of parents, but the utter lack of scientific evidence to support them.

failing to provide "nurturance,

parts of "Madness on the Couch" is the account of various efforts to corroborate. well after the fact, psychoanalysts' claims of success in

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BRIDGE

MADNESS

ON THE COUCH

Psychoanalysis

Reviewed by

David Brown

By Edward Dolnick, 294

part of its 2,500-year history.

therapy, and prospective con-

'youngest science.'

By Alan Truscott

HE December tournament of the Greater New York Bridge Association is now named for Edgar Kanlan a great figure in the world of bridge who died in 1997. His contributions to the game at the local, national and international level were immeas-

Team Championship, he held the East cards, with his favorite partner, Norman Kay, sitting West. A club lead would have in-

sured defeat of the four-heart contract, but West naturally led the unbid diamond suit. South would have survived if he had played low from dummy, but he erred slightly by finessing the jack. This was covered by the queen, and South won with the ace and played the heart ace. The appearance of the

queen was good news and bad news: There was a sure trump loser, but a good chance of keeping West out of the lead. South continued trumps

losing the fourth round to East. After a shift to a spade. the declarer would have won and led a diamond. That would have put Kay to the test. To prevent South from playing the eight and making his contract, he would have had to put in the ten, an unusual second-hand-high play.

cing his partner to play the ten. Now South was helpless. If he won with the king, he would be cut off from the last diamond in the dummy. If he ducked, West would be able to shift to clubs and defeat the contract.

EAST **₹94** ∇10985 #AQJ5 SOUTH (D) **VAKJ7432** 0 A 5 3 48 2 East and West were 3 ♣ Pass

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On the diagramed deal in the 1965 Spingold Knockout

But Kaplan did not permit that possibility to develop. He returned the diamond four, for-

One of the more interesting

The Ultimate Gournet Cooking School DIPLOMA COURSES SPECIALITY COURSES **WORKSHOPS** DEMONSTRATION CLASSES HOTEL RITZ 110. Flare Vendinge 15. Flare Vendinge 150.1 FARIS CEDEX 81 TEL. 13. (1). 13. 16. 31. 50 FAX. 33. (1). 13. 16. 31. 50 TOLL FREE I. 5.: (500) 70.6. 57. 58

Palais des Beaux-Arts, tel: 03and transform the concepts of postmodernism in their designs. Palazzo Reale, tel: (02) 8691-5738, open daily. To March 14: "L'Anima e il Volto." Investigates the interpretation of the relation-ship between the mind and the tace, from Leonardo's heroic man PARIS
Institut Neerlandais, tel: 01-53- to Francis Bacon's mangled flesh. Russian artist (born 1857). Kantor's CROSSWORD 21 Suffix with clown 25 Thousand-plus **82** Drops on the ACROSS 53 Didn't budge pager 24 Stamp 0 26 — kebab in 1 Big name in hasketball 55 Coo or cucko

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Track the performance of over 2,400 international funds, every day, on the IHT *** http://www.iht.com

O New York Times/Edited by Will Shortz.

Attack Followed Challenge in 'No-Flight' Zone

By Steven Lee Myers

WASHINGTON - An Iraqi antiaircraft battery challenged a U.S. fighter jet patrolling northern Iraq once again Thursday as President Saddam Hussein's government pressed on with its defiance of American-led enforcement of "no flight" zones over northern and

northern Iraq attacked in self-defense after the battery pointed its radar at the fighter jet, evidently in preparation to fire a missile.

It was not immediately clear whether the missile fired by the F-16 struck the battery, the Pentagon said, citing cloudy weather, but the jet and other American aircraft patrolling the area returned unharmed to their base at Incirlik, Turkey.

Clinton Plans \$7 Billion for 'Star Wars'

By Steven Lee Myers New York Times Service

WASHINGTON - Sixteen years after President Ronald Reagan envisioned a "star wars" program, the Strategic Defense Initiative, to protect the United States from ballistic missile attacks, President Bill Clinton plans to pledge about \$7 billion over six years to build a limited leave a final decision on whether to build it until later, officials said.

Mr. Clinton is not expected to decide system will work.

But the officials said the decision to set aside money in the Pentagon's budget now was meant to underscore the administration's political commitment Staff, General Henry Shelton, responded to the idea and to head off growing by saying that the Pentagon already had criticism from Republicans in Congress that Mr. Clinton was not doing enough to defend the nation from a missile strike. that type of action."

Since Mr. Reagan unveiled his dream of creating an impenetrable shield United States has spent \$55 billion try- the F-16, but did not fire its missile. ing to develop a workable weapon - so

Clinton is expected to propose giving the be taken and taken without notice." Pentagon between now and 2005 when he submits his budget to Congress next

The White House and Pentagon declined to discuss the spending proposal Wednesday, but the chairman of the Joint Chiefs of Staff, General Henry the Senate Armed Services Committee.

General Shelton said the Pentagon had the resources to continue to develop the 36th Parallel. program. The administration is "also putting money into the program so that at the time that we have the technology, if in fact the threat justifies it, then we could go ahead with the fielding," he said when questioned about Mr. Clinton's commitment to a missile defense system.

The system being developed and tested is a mere shadow of the spacebased network of satellites and lasers that Mr. Reagan envisioned to knock out even the largest Soviet nuclear strike. cil. The Pentagon officially abandoned that concept in 1993 and has since concentrated on using ground- or sea-based missiles to intercept perhaps a few missiles launched either accidentally from a superpower like Russia or deliberately by a hostile nation like North Korea.

Even with a pledge of money, the effort remains burdened with economic, technological, political and diplomatic problems.

The system faces a pivotal test in June. The program's developers, led by the Boeing Co., plan to launch a dummy missile from Vandenberg Air Force Base in California and try to destroy it in space over the Pacific Ocean with an interceptor missile fired from Kwajalein Atoll in the Marshall Islands.

Three more tests are scheduled next year before Mr. Clinton makes a decision to build the system. Previous tests of interceptor missiles have failed, as have tests of shorter-range missiles, like those in the troubled Theater High-Altitnde Area Defense program, or THAAD, run by the army. But officials at the Pentagon express confidence that a limited system may at last be technologically at hand.

Lieutenant Colonel Richard Lehner. spokesman for the National Missile Defense Program, said Wednesday, "Those of us who work in the program are very confident we're going to have a working system, and we're going to have it soon."

Republicans in Congress have long wanted to revive at least part of Mr. Reagan's original vision. Faced with legislation mandating the creation of a national system, Mr. Clinton promised to proceed with research for three years and decide in 2000 on whether the threat

justified building a system by 2003, a policy referred to a "three plus three." Others said the White House and Pentagon had concluded that the threat from intercontinental missiles from hostile nations was growing, noting North Korea's test of a three-staged missile on Aug. 31.

ing about 25 kilometers (15 miles) northwest of Mosul, a city inside the northern "no flight" zone, near an area where Iraqi forces fired surface-to-air missiles

at U.S. jets Dec. 28.
The United States and its allies created the zone in the north in 1991 and the one in the south a year later in order to protect ethnic populations from repression by Mr. Hussein's forces. They did The Pentagon said an F-16 patrolling so citing the authority of the United Nations resolutions imposed as a condition for ending the Gulf War.

The skirmish Thursday was the fourth

since the United States and Britain carried out four days of air and missile strikes, starting Dec. 17. Since the air raids, Iraq has increased

its defiance of the UN resolutions. On Tuesday, U.S. jets fired on Iraqi MiGs for the first time in six years, but they missed. In that incident, Iraq sent 13 to 15 jets into the zone in the most serious challenge yet.
Officials in the Clinton administration

have sought to downplay the military significance of the incursions, saying that a handful of aircraft "darting" into the restricted zones, as one put it Thursday, posed no real threat to U.S. or British patrols.

But some of the Iraqi jets have ven-tured more than 100 miles into the zones, succeeding in making a gesture of defiance, if nothing else.

The threats have also forced the United States and Britain into a defensive position, having to react to the cat-and-mouse provocations on Iraq's time, not theirs.

At a meeting Tuesday of the Armed pressed frustration that the administration was not doing more to respond to the missile defense system, although he will Iraqi provocations, saying it was unconscionable to put American and Brit- broken. ish pilots at risk without bombing Iraqi

> are coming out and challenging our air Dec. 21, 1988, killed 270 people.
>
> assets in direct violation of the cease-fire
>
> Mr. Mandela said Saudi Arabia's amagreement?" the Republican said.

The chairman of the Joint Chiefs of plans "on the shelf" to strike Iraq again "if the president were to see fit to take

In the latest incident Thursday, a Roagainst nuclear missiles in 1983, the French and German company, targeted

The British defense secretary, George far to no avail. But never before has any Robertson, warned Thursday that Iraq money been put in the budget actually to faced further "decisive action" if its forces continued to threaten U.S. and

The money, which officials put at roughly \$7 billion, is part of the more "We remain ready," he said in Lon-"We remain ready," he said in Lonthan \$100 billion in new spending Mr. don, "and if action is necessary, it will

Mr. Saddam vowed that Baghdad no longer would recognize the no-fly zones after the air and missile strikes in December, which were ordered after 10,693.57 points. Iraq refused to cooperate with UN weapons inspectors.

The southern zone stretches from the Shelton, signaled the administration's border line with Kuwait, Saudi Arabia Friday by the Hong Kong Association of erged, the yen would resume its down-lows, intent at an appearance Tuesday before and Jordan to the 33d Parallel just south Banks. f Baghdad.

In Jakarta, investors were distracted from Indonesia's economic calamity by of Baghdad.

■ Gulf Foreign Ministers to Meet Foreign ministers of six Gulf states

will meet Sunday to coordinate their positions before a meeting on Iraq later this month, Reuters reported Thursday from Abu Dhabi, quoting the United Arab Emirates news agency WAM.
Foreign Minister Rashid Abdullah Nuaimi of the Emirates will lead the conference of Gulf Cooperation Coun-

The meeting is expected to be held in Saudi Arabia.

The council is comprised of representatives from Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab

French Academy Vetoes 'Euroland'

New York Times Service

PARIS — The French Academy officially advised Thursday that "Euroland" was not the proper word, in France at least, for the group of 11 countries that have introduced the euro as their new common currency this year.

Call it "the euro zone," the Academy decreed Thursday: after all, is the United States "Dollarland?" Is Britain "Sterlingland?" "The Academy advises against the use of 'Euroland," the august "Immortals" advised in a communiqué Thursday, "because it is not the name of a sovereign state or

even a confederation, but simply the area of application of a treaty. Leaders in France keep saying that the euro will finally enable Europe to stand up to the dollar in currency markets, so they did not want the new money to be a Trojan horse for another Anglo-Saxon linguistic invasion of France.

So French-speakers had to act fast if franglais was not to sabotage the currency project from the start. What effect the Academy's ruling will have remains to be seen. The Bank of France, the Academy pointed out, used euro zone, but starting this year many of the functions of the Bank of France will be handled by the European Central

Bank based in Frankfurt.



Police in Cape Town arresting a Muslim who was part of a group protesting U.S.-British air strikes against Iraq.

Envoys Going to Libya, Mandela Says

PRETORIA --- A South African and a Sandi Arabian will fly to Libya within days to try to negotiate the surrender of two Libyan suspects in the 1988 bombing of a Pan Am jetliner, President Nelon Mandela said Thursday.

Mr. Mandela made the announcement Services Committee in Washington, at a news conference with Prime Min-Senator John McCain of Arizona ex- ister Tony Blair of Britain. They both expressed confidence that an impasse that has prevented the suspects from being tried in a third country could be Libyan leader, Colonel Moammar Gripen jet fighters.

Mr. Blair said that there had been rogress "on an issue that some people whether — and how — to build a system until the summer of 2000. And at this point, no one has proved that such a took out the airfields and the aircraft that in put our pilots into thought was completely impractical."

The downing of the New York-bound airliner over Lockerbie, Scotland, on

eneralities and grimaced when Mr. Mandela announced the pending mission. Mr. Mandela has already played a key role in convincing the United States and Britain to support a neutral venue for the trial and has relayed the proposal to the

tains close relations. Earlier, Mr. Blair signed an economic pact with the South African deputy president, Thabo Mbeki, the man expected to

Gadhafi, with whom Mr. Mandela main-

succeed Mr. Mandela as president. intent on industrial cooperation, which ters reported from Cape Town.

bassador to Washington, Prince Bandar could see up to 40 billion rand (\$7 bilbin Sultan, and the director-general of Mr. lion) of British investment in South Mandela's office, Jakes Gerwel, would Africa. No details were released, but the fly to Libya in the next few days to hold investment is related to South Africa's discussions with Libyan officials. Mr. military re-equipping.

Blair had tried to limit his comments to The British firms Westland and Brit-

ish Aerospace have been named as preferred suppliers for four maritime helicopters and 24 Hawk jet trainers, respectively. British Aerospace's Swedish partner Saab has also been named as the preferred supplier for 24

■ Radical Muslims Protest Visit South African policemen fired stun

grenades Thursday to disperse a group of about 300 radical Muslims protesting Mr. Blair's visit and last month's joint The two men signed a declaration of U.S.-British air strikes against Iraq, Ren-

ASIA: Markets From Seoul to Singapore Stage Strong Rallies

Continued from Page 1

Mr. Overton noted that in Hong Kong, land anti-aircraft battery, built by a the Hang Seng index rose even after economy, while the regional crisis demand or corporate investment. would cause its export growth to falter.

ed," the government said.

so heavily on China, react? Investors the dollar finished in Tokyo at 110.88 bound after Japan's economic collapse drove up the Hang Seng 4.5 percent, to yen, the lowest level in more than two in 1989 and 1990. Analysts said shareholders were more

which was expected to be announced

a new state budget proposed by President B.J. Habibie. Economists said Mr. Habibie had devised a realistic plan to deal with Indonesia's stagnant economy, spiraling inflation, and weak currency. Beyond these local factors, analysts

noted that Asia's stock markets were now largely propelled by external forces, such as rate cuts in the United States and the strengthening yen.

"The turnaround of the yen has been a big help for the rest of Asia," said Dong Tao, a regional strategist at Credit Suisse First Boston in Hong Kong. "It has reduced the risk of currency volatility in the rest of Asia, which has allowed markets like Hong Kong to cut their own

more Asian countries can rely on rate ward spiral, reaching an exchange rate of past three months, Hong Kong has cut China issued an unexpectedly bleak and Thailand more than a dozen times. prognosis for its economy in 1999. The Even with rock-bottom rates in Thai- Asian governments, prompting them to Chinese government said that lackluster land, economists said the government delay or even shelve needed economic demand would weaken its domestic has not been able to reignite consumer

The negative implications of these the yen will maintain its strength. The act," said Jim Walker, the chief econproblems for this year's economic per-yen has been bolstered in recent days by omist of CLSA Global Emerging Marformance should not be underestimat- the launch of the euro, which has di- kets in Edinburgh. verted some investment capital from the How did Hong Kong, which depends United States to Europe. On Thursday, stock market experienced a similar re-

But Mr. Sargent predicted that as the

cuts to jump-start their economies. In the 140 yen to the dollar by late summer. rates four times, Singapore three times, potential side effect of the rally is that it could breed complacency on the part of

reforms. "Legislators and decision makers Moreover, many experts doubt that may conclude that they don't have to

Mr. Walker noted that the Japanese

Several months later, after Tokyo failed to deal with the country's mushfocused on a cut in local interest rates, novelty of the euro wore off and the rooming financial crisis, the Nikkei surextent of Japan's economic ills reem-rendered its gains and plunged to new

CHINA: Police Aide Held in Graft Inquiry

Continued from Page 1

gas, which are cheaper outside China,

Finance, said Lou Jiwei, a deputy min-

Yet some analysts wonder how much of officials working for the Leading

Group for Cracking Down on Smuggling that operated under the State Council. In 1995, he became deputy minister

Ritter was familiar with these methods.

The methods have since gotten better, of police.
Mr. Li is also believed to have had some

humber, newsprint, electrical items,
American chicken parts and fruit from
California among other things.
On Tuesday, China announced it was
establishing a 10,000-member police
force with special powers of arrest and work of businesses run by the Public asked for more advanced technology interrogation to stop smuggling. The business of enterprises, from karaoke halls rean will be paid for by the Ministry of and brothels to factories and golf clubs. Starting in July, Beijing ordered the military, police and secret services to divest Mr. Li is a longtime police veteran. He themselves of most of these enterprises began his anti-smuggling work in 1993, and to get back to defending, policing and when he appeared on a government list protecting the country. It is unclear how successful the divestiture has been.

IRAQ: Admission by U.S.

Continued from Page 1

itary officers, diplomats and other professionals serve on the commission.
The United States included some intelligence officers, using diplomatic cover or other professional identities, to gather intelligence independently, ac-

cording to the officials.

Intelligence officers typically perform their cover jobs while spying in their spare time.

The U.S. officials did not say how many American intelligence officers served on the commission or describe their precise roles.

The disclosure that American spies had worked as inspectors came after The Boston Globe reported that American intelligence agents had used the team as a cover to spy on President Saddam Hussein. The Washington Post also reported that the commission had worked with American spy agencies to collect intelligence that was used to undermine

U.S. officials also said that Scott Ritter, an American who served as a UN inspector, was misinformed when he said that the United States had taken over a UN intelligence-gathering operation in Iraq. UN officials said they had no even

idence to support such an accusation. A senior administration official said: Unscom does not have an indigenous intelligence capability; that was provided by member states. The information it gathered was used to help break Saddam's concealment effort, and the information was passed on to United Nations Security Council members."

In an interview, Mr. Ritter, a former U.S. Marine Corps intelligence officer, raised the question of whether the inspectors improperly aided U.S. intelligence in ways that threatened the inspectors' independence or opened them up to charges of spying for Washington. U.S. officials said Wednesday that

Mr. Ritter was describing a secret U.S.assisted UN intelligence program that be did not fully understand.

Mr. Ritter said the inspectors had developed "methodologies," which he refused to describe, that helped them understand how Iraqi security services concealed arms programs. These security services and concealment methods were also used to protect Mr. Saddam, he said. Mr. Ritter said his inspection team "had a tremendous success using these methodologies" in March. A few weeks later, he said, U.S. officials approached Richard Butler, the Australian who is chairman of the UN commission.

"In April, the U.S. went to Butler and wanted to take over a certain portion of the system of how we track these weapons," Mr. Ritter said. "I wanted to make sure it was only for tracking weapons, but the U.S. wanted to cut me out.

"I could no longer guarantee that the methodology would be used for weapons inspections alone, and not to benefit U.S. military and intelligence agencies, he said. 'Butler will have to convince people

that what the U.S. did was for Unscorn,' Mr. Ritter said. "I think we were given assurances the information would not be misused." But, he added, he believed that the United States had "used Butler." "I think they set him up," he said.

Mr. Ritter resigned in August, saying that the United States and the United Nations had undermined the inspectors. A government official familiar with the dispute said Mr. Ritter was ill-in-

formed because there had been a shift in the commission's intelligence-gathering methods last spring. "Unscom's efforts to collect information have gotten better," the official said. "There was a period when Mr. Ritter was familiar with these methods.

but Mr. Ritter wasn't totally witting of what was done." Mr. Butler said the commission has after discovering in 1995 the sophisticated lies and methods of concealment that Iraq used to hide its weapons pro-

grams and missile projects. I want to say this with all the force that I can: We have never accepted or used any of that assistance for any other purpose" than disarming Iraq, Mr. But-ler said. "Have we facilitated spying? Are we spies? Absolutely not."

EURO: Interest in Joining the Currency Zone Grows in Sweden, Denmark and Britain rates up sharply in September to defend clined to comment on reports it had sador to the European Union who wit-

Continued from Page 1 weeks, including that of Trade Secretary

Peter Mandelson, a leading advocate of British entry.

As a result, attention in Britain remained focused on the slowing economy, contribut which prompted the Bank of England on opinion. Thursday to cut its key interest rate by a quarter point, to 6 percent. The cut, the been positive for the past three months," fourth reduction in as many months, was said Lars Anell, a senior executive at the broadly welcomed by financial analysts automaker AB Volvo. but criticized as insufficient by some business and union leaders.

John Monks, leader of the Trades Un-Even with the cut, he noted that the British rate remained twice as high as the 3 percent rate in the euro zone.

The rate cut signaled that Britain was 'still on track for continued easing, and Suisse First Boston. Mr. Cliffe said rates ing the European Union budget and year because of the sluggish economy was not resolved. and the absence of inflation pressures.

The Danish central bank also eased nario," Mr. Glavany said in an inter-conetary policy Thursday, lowering its view. "It would be regrettable, harmful monetary policy Thursday, lowering its repurchase rate to 3.75 percent from 3.95 percent, because of the recent stability of enro is being launched, the Amsterdam

In Sweden, speculation about an early entry to the euro lifted the krona by about 1 percent on a trade-weighted basis, and it sparked a rally in Swedish bonds.

the krone from turmoil in global markets feeted. That illustration of the benefits of the euro, combined with glowing reviews about the currency's launch, have contributed to a sea change in public mergers with partners in Finland, which

"All of the news about the euro has By contrast, corporate Sweden has alized."

been shaken by restructuring and mergers that have heightened a sense of ion Congress, said concerns that the insecurity on Europe's periphery. Volvo pound might weaken against the euro itself is the subject of heated takeover could be slowing the pace of rate cuts. speculation, although Mr. Anell de-

We cannot rule out a crisis sce-

Treaty ratified and foreign policy and common security strengthened."

He said Germany, which holds the rotating European Union presidency for first half of 1999; must moderate its demands if for agreeing on EU financing changes. The Danish central bank had pushed it wants to broker a deal. Germany is

appointed an investment bank to find a

Sweden has recently lost the is part of the euro. The companies are moving outside

of Sweden because Sweden is outside of the euro," Mr. Nyman said.

Still, governments are wary of committing to a referendum just yet because

nessed a similar opinion swing before the country joined the EU in 1995.

Frustrated by a similar wariness in Britain. Giles Radice, chairman of the House of Commons' Treasury Select Committee, urged Mr. Blair on Wednesday to "get off the fence" and set and clear timetable for joining the euro. He said the euro's successful launch would transform Europe's economic and political landscape and demanded a response from Mr. Blair's government.

"Some time in the next year they'll have to firm up their position," Mr. Radice said, "Otherwise, they won't get the support of business they need to

In Paris, a Call on Bonn to Soften Budget Demands

pushing to cut its hefty contributions. southern European states led by Spain hence to continue with the convergence PARIS — Jean Glavany, the French process toward Europe," said Giles farm minister, on Thursday urged Ger-Keating, a senior economist at Credit many to moderate its demands concernsation. "There is a German problem over the financing of the Union," Mr. Glavany said. "Let's recognize it. But it is up to many argues for many arg our German friends to ensure they are could fall to 4.5 percent by the end of the warned of crisis in Europe if the dispute not making excessive demands, partic-

their presidency."

The farm minister also had tough words for Britain, which is trying to hold on to a special budget rebate won by and incomprehensible at a time when the former Prime Minister Margaret Thatch-

> They should not think this rebate can go on for ever," he said. EU leaders have set a March deadline

Mr. Glavany said Paris was ready to make certain concessions in order of secure a deal, providing other members

many argues for a cut in its payments. The debate over EU funding has threatened to derail an overhaul of the

ularly if they want to get a deal under farm regime, which calls for guaranteed prices for cereals, beef and milk to be reduced with partial compensation offered through direct aid payments to farmers.

followed suit, but reiterated France's opposition to co-financing. France, which enjoys large farm payouts

or agreeing on EU financing changes. from EU coffers, has suggested cutting overall farm spending as an alternative.

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BUSINESS/FINANCE

FRIDAY, JANUARY 8, 1999

On-Line Firms Let Investors Grab a Share of New Issues

Internet Gives Investment Banking a New Look

By Elizabeth Corcoran

WASHINGTON - Warren Knight, an oil man from New Orleans, is not a professional investor and does not have insider contacts on Wall Street. But last autumn he got his hands on something that many amateur investors had long thought was reserved for market elites: The first lucrative shares of some hot newly launched public companies, including EarthWeb Inc., Ticketmaster Online-City-Search Inc. and Ubid Inc., at the

official initial offering price.

He did it by joining an investment group on the World Wide Web. Add investment banking to the list of businesses that are being "Amazoned," or reshaped by the Internet. With the help of the global

network, individual investors such as Mr. Knight are starting to elbow their way into what has long been essentially a closed-door party. For decades, investment banks have tightly controlled the issue of

new securities, doling out only a tiny number of shares in initial public offerings to individuals, often people with personal connections, and selling the rest to big institutional investors at the preset

Holders of the IPO shares can turn around and sell them into the public market at sometimes huge natkups. For example, stock of Theglobe.com Inc. was distributed to investors at \$9 a share, and when it opened Nov. 13 it rose rapidly to \$97 a share before closing at about \$63. (This was a one-day record for an initial public offering, but huge one-day increases are not uncommon.) The Internet service firm has since dropped back, with its stock trading at \$33.375 in midday trad-

Those who got in on the offering could have multiplied their invest-

ment more than 10 times in less than a day. Investors who are not so lucky had to pay the higher share price available once trading opened

As on-line trading firms have become a more potent force — about half of the trades by Charles Schwab Corp.'s 5.4 million customers now take place in cyberspace - they have begun demanding that invest-ment banks give them and their investors a seat at the IPO table.

'Capital markets are not immine to the Web's power to change the way business is transacted, just as no other legacy businesses are im-mune," said John Fisher, a venture capitalist and board member of Wit Capital, a New York-based financial start-up. "It could well turn out that individuals change the fundamental construct of market prices and valuations, which have historically been established by institu-

For now, members of the on-line financial community see this trend as a positive step toward making financial markets more democratic. But it is unclear how investors and regulators would react in a market slump, when middle-class speculators could suffer serious losses from IPOs. There is also the risk that successful early deals involving strong companies could be followed by much riskier offerings, which small investors might not recognize as bad gambles.

One of the early pioneers in opening the IPO doors is Wit Capital. Although the company was founded in 1996, it became a media star in April when Robert Lessin, a former vice chairman of Salomon Smith Barney Inc., joined as chairman and chief executive. Since then, he has attracted a blue-chip roster of board members, as well as the former Charles Schwab vice chairman Ronald Readman.

"We're about empowering indi-



As on-line trading firms have become a more potent force, they have begun demanding that investment banks give them and their investors a seat at the table of initial public offerings.

viduals in the capital-raising process," said Mr. Lessin, who describes the current process of raising money in IPOs as "totally flawed" from the vantage point of individu-

Wit and other firms, including Charles Schwab and E*Trade Group Inc., have succeeded in coaxing investment banks to set aside a small percentage of IPO shares for them, which they make available to their members. After spending years on Wall Street, Mr. Lessin quips: "I feel like I'm breaking into a country club I used to be a member of." So far, Wit has offered shares in 42 different initial public offerings to investors such as Mr. Knight. Membership in Wit is open to any-

To trade stocks through Wit, investors must have at least \$1,000 in a cash account or \$2,000 in a "margin" account (which allows in-

vestors to put up only half the cash needed for each purchase, with the balance lent to the investor by the firm maintaining the account).

Wit largely allocates the IPO shares it receives on a "first-come, first-served" basis to members who have put in a minimum order for 100 shares. (Investors then have three days to put enough money in their account to buy the stocks). Managers do try to ensure that share distribution is "equitable," however, and would not give, say, all the shares in an issue to one member. Other firms do it differently. For example, E*Trade divides up all the

See INVEST, Page 12



Warnings of Trouble **Hit Brazilian Stocks**

Compiled by Our Staff From Deposition

BRASILIA --- Brazil's stock market fell sharply Thursday after two of the country's biggest states said they would delay debt payments to the federal gov-

The threats by Minas Gerais and Rio Grande do Sul underlined the country's shaky finances, rattling investors.

The federal government's own mounting budget deficit and the threat of a currency devaluation prompted the International Monetary Fund to arrange \$41.5 billion in emergency loans in

"The view of investors is that Brazil has one shot to get it right, given that they have the IMF package in place," said Vinod Sehgal, a managing director at SG Cowen Securities. "To date, they

have not inspired confidence." Brazil's benchmark Bovespa stock index fell 5.14 percent to close at

The trouble in Minas Gerais, Brazil's third-wealthiest state, threatens to balloon into a political fend that could

weaken support for fiscal reform. It comes at a delicate moment for President Fernando Henrique Cardoso, who is trying to woo back investors by pushing through a contentious belt-tightening austerity package in Congress.

"This is a political issue more than an

economic one in its impact." said Carlos Kawall, chief economist at Citibank. "In terms of the numbers it would not make the fiscal adjustment derail," he said. "But you have the political side. This is a face-off."

The governor of Minas Gerais, Itamar Franco, said Wednesday the state had an "absolute lack of money" to make payments on some 18 billion reals (\$15 billion) and scoffed at a threatened reprisal from Mr. Cardoso.

On Thursday, the governor of Rio Grande do Sul, which owes 17 billion reals to the federal government, said it would delay payment on this year's first installment of its debt — about 64 million reals due next Friday. Emergingmarket debt prices fell immediately on speculation the debt moratorium could also affect Eurobonds issued by Minas Gerais, though the state has not taken a stand on the issue.

The announcement stole the limelight from the government on the day it got its reform plan moving through Congress again. The government still faces a much tougher battle when controversial measures hit the lower house of Congress this month.

The presidential spokesman, Sergio Amaral, warned Wednesday night that the debt default could impact the government's fiscal efforts and force it to maintain high interest rates, which are near 30 percent annually.

"The president is worried by the idea, by the moratorium proposal, because any movement in that direction could slow the decline in interest rates," Mr. Amaral said.

Under a debt accord Minas Gerais signed last year, the state pledged to pay about 12.5 percent of its monthly revenue to the central government. That's about 80 million reals a month. It is paying a below-market interest rate of

As for Rio Grande do Sul, "since we inherited a budget deficit of 1.2 billion reals from the previous government and we spend 70 percent of revenue on salaries and payrolls, that leaves us nothing," said a spokesman for the nothing,"

Analysts have said Mr. Franco and the other governors have threatened to withhold debt payments as a bargaining tactic to win better payment terms with the federal government.

The governors of Minas Gerais, Rio Grande do Sul and four other states ruled by opposition parties have asked for a meeting Jan. 18 with Mr. Cardoso and Finance Ministry officials to try to review the debt accords.

(Bloomherg, Reuters)

■ Menem Rules Out Devaluation

President Carlos Menem of Argentina has ruled out the possibility of a devaluation of the peso and denied that Brazil's financial troubles would affect Argentina's economy, Agence France-Presse reported from Buenos Aires.

"We are managing our peso," the president said." We are not thinking about devaluing."

He said the peso's parity with the dollar would continue.

Thinking Ahead /Commentary ...

Euro Should Push U.K. To a Decision on Europe

By Reginald Dale

OUTHAMPTON, England --For many British children and their parents, Christmas is not complete without a pantomime, a unique theatrical spectacle that blends fairy tale, satire, burlesque and musical comedy.

In this season's lavish offering at the Mayflower Theatre here "Goldilocks and the Three Bears" the villain is a comically wicked-looking foreigner named after a World War II German bomber, with a nasty though indeterminate Continental ac-

The show is further proof, if any were needed, that British culture remains distinct from that of the Continent. As Charles Darwin discovered in the Galapagos Islands, island creatures evolve differently from those on the mainland.

But Goldilocks also transmits a more sinister message — Continentals cannot be trusted — that is not limited to fantasies for British children. It has long been a staple theme of Britain's politically powerful popular press, calculated to appeal to millions of adult

Now, as much of the Continent takes a giant step toward closer union by introducing a single currency, the euro — without Britain — the bogeyman of the British tabloids is Ger-

The idea that an evil Germany is continuing its quest for European domination, this time by economic rather than by military might, has also been shamelessly espoused by leading

rightists in the increasingly anti-European opposition Conservative Party. Of course there are plenty of sensible Britons who do not fall for such scare-mongering. But the point to remember is this: Prime Minister Tony Blair is not telling the whole truth when he tries to make out that the pros and cons of Britain joining the euro

one day are exclusively economic. It is true that economics is behind the desire of much of British business and industry and the City of London to join the new currency quickly.

Most Britons, moreover, seem to agree on the need for close trade links with the Continent.

But the main reasons Britain is hesitating over the euro, as it has before every new step toward European unity, are historical, cultural and emo-Whatever the economics, the ref-

The point is that like Darwin's finches in the Galapagos, the British really are different. Safe from invasion in their island fortress, the sea-going British have developed a pragmatic political and economic philosophy, and an attachment to free enterprise and individual freedom, that differs in important ways from traditional Con-

tinental thinking. Much like their American cousins, the British believe in taking the world as it is and improving it bit by bit, rather than forcing it into some idealistic grand design.

The dangers presented by previous attempts to unite the Continent, whether under Napoleon or Hitler, are



deeply etched into the nation's col-

lective memory.
While Britain has joined in European integration to achieve practical economic and political objectives, it has never been able to commit itself wholeheartedly to the venture's more visionary aspirations.

The problem is that the euro makes erendum Mr. Blair has promised it harder than ever to maintain that would almost certainly reject the euro if it were held today.

it harder than ever to maintain that ambiguity — as Mr. Blair is trying to do with his commitment to join in principle, but not just yet.

Ultimately, Britain must be in or out. But membership demands the pooling of far more national sovereignty than any previous step to integration — a price that for many Britons is simply too high. Maybe the euro will finally force

Britain to face up to the real question: Is there a form of European integration in which Britain would feel truly comfortable? The answer so far is that no such form has yet been invented. It may never be. But it certainly won't be if the British shut themselves off in their island fortress.

E-mail address: Thinkahead@washpost.com

Bank of England Cuts Key Rate Again

4th Reduction in 4 Months Comes as Economy Slides Toward Recession

By Alan Cowell New York Times Service

LONDON --- For the fourth time in as many months, the Bank of England lowered a key interest rate Thursday as the British economy continued its slide toward a much-feared recession.

The reduction, to 6 percent from 6.25 percent, nudged British rates slightly closer to the prevailing rate among the 11 nations in the new euro single currency. But it also illuminated the yawning

divide between Britain and much of Continental Europe, where the European Central Bank left its 3 percent enchmark rate unchanged Thursday after its first meeting since the euro was launched Monday. (Page 13)
Analysts said the British rate cut was

purely a result of British and international economic pressures rather than part of a strategy to bring Britain closer into line with the curo.

Britain is definitely a bastion of 'out,' " said Bryan Allworthy, a European equity strategist at Merrill Lynch & Co. While other countries outside the euro

— notably Denmark and Sweden — seemed poised to move closer to the new Joining the euro "is not inevitable," said William Hague, leader of the opposition Conservative Party, buoyed by an

opinion survey showing 52 percent of respondents opposed to the new currency. 'It was inevitable that the Titanic was going to set sail, but that doesn't mean

currency, British political opposition seemed as strong as it ever has been.

needed to ward off the danger of outright recession." The rate cut, moreover, had scant impact

exercise your own judgment." Denmark, whose currency is formal-

ly linked to the euro, brought its benchmark interest line closer into line with the euro standard. Danish rates were cut to 3.75 percent from 3.95 percent, and analysts predicted further cuts in the next few months.

The reduction in British rates was seen largely as a response to the eco-nomic slowdown that has spread from manufacturing to the service industries responsible for much of the recent economic growth.

Announcing the cut, the Bank of England's Monetary Policy Committee which has had sole responsibility for setting interest rates since the Labor government came to power in May 1997 cited a "continuing slowdown in the U.K. economy" and said pressure for inflationary pay increases had eased.

Industrialists and employers are clearly expecting further cuts to bring British rates closer to levels in the 11 euro countries.

The reduction Thursday "is unlikely to dispel industry's new year blues," said Kate Barker, chief economic adviser at the Confederation of British Industry employers organization. "Further interest rate cuts will be

on the pound's value against the euro, with the euro trading at around 70.6 pence.

you had to be on it," he said. "You have to make your own choice. You have to Deutsche marks to the pound — an exchange rate that British exporters say harms them by making their goods too expensive for buyers in Continental

Europe,
"Our ultimate objective must be to bring U.K. interest rates into line with our competitors in the new euro zone as soon as possible," said lan Peters, deputy director-general of the British Chambers of Commerce.

Britain's ability to deploy monetary policy to counter its economic woes plays directly into the debate about the curo here.

The currency's critics say Britain would be foolish to follow the 11 euro nations into a union where interest rate and exchange rate policy are now being controlled by the European Central

On the other hand, Britain's position on the outside has left the country vulnerable to other perils.

The creation of the euro, Mr. Allworthy said, means Britain is "sandwiched between two super-economies," the euro zone and the United States, a position likely to be marked by

volatility in the pound. The Bank of England's governor, Eddie George, has shied away from suggestions of formal coordination between British and euro-zone monetary policy, but has noted that both the European Central Bank and the Bank of England are committed to pursuing similar anti-inflation policies.

Firms Reach an Accord on Derivatives

By Stephen Labaton and Timothy L. O'Brien New York Times Service

WASHINGTON — With the blessing of the U.S. government, some of the world's largest financial institutions have agreed to try to set industrywide standards in the huge and volatile market in complex securities known as de-

By setting its own guidelines, the idustry hopes to prevent recurrences of the problems that have arisen in the derivatives markets and keep stricter regulations from being imposed by Washington.

But previous attempts at self-regu-lation in the derivatives markets have met with limited success. They did little to stave off the near-collapse last September of a large U.S.-based hedge fund, Long-Term Capital Management LP. It had invested heavily in derivatives, which are financial contracts that are supposed to manage a company's risks, particularly in times of economic turbulence.

Executives involved in crafting the agreement, which was to be formally announced Thursday, said the group dards, disclosure requirements and oth-E. Gerald Corrigan, a former pres-

ident of the Federal Reserve Bank of New York who is now a senior executive at Goldman, Sachs & Co., and Stephen Thieke, a top executive at J.P. Morgan & Co., will be co-chairmen of the industry group. The other members of the group are Barclays PLC, Bear Stearns & Co., Chase Manhattan Corp., Citigroup, Credit Suisse First Boston, Deutsche Bank AG, Lehman Brothers Inc., Merrill Lynch & Co., Morgan Stanley Dean Witter Inc. and UBS AG.

The agreement was reached in New York on Wednesday at a meeting of top executives from 12 international institutions and senior U.S. officials including Arthur Levitt Jr., chairman of the Securities and Exchange Commission. The agreement was warmly embraced by Federal Reserve Board Chairman Alan Greenspan and Treasury Secretary Robert Rubin.

Mr. Rubin heads an interagency group that is considering what changes may be necessary in the largely unregulated and steadily growing market in derivatives, so named because their

guidelines by late spring that would value is derived from the value of uncover trading practices, lending stan- derlying products such as stocks, bonds or currencies.

Thomas Russo, an authority on derivatives regulation and managing director at Lehman Brothers, said the formation of the group "is highly significant and a credit to the government regulators for encouraging a private initiative to have global best prac-

tices in the risk-management area."

But some analysts disagreed and were either critical of the effort or skeptical of what it would ultimately achieve.

"I think it's the fox guarding the henhouse," said Charles Peabody, a banking analyst with Mitchell Securities Inc. in New York. "There's an inherent conflict because you won't police something too carefully if you're making a lot of money on it."

U.S. officials involved in an inter-

agency group led by Mr. Rubin that was set up after the collapse of Long-Term Capital said its conclusions would not be affected by the industry's work. Washington has so far moved cau-

tionsly in formulating any new regulations on the industry. Most of the industry group's mem-

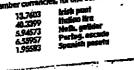
CURRENCY RATES Jan. 7 Other Dollar Values

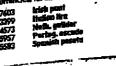
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or To buy one pound: is To buy one dollar. "Per TOC N.Q.: not quoted; N.A.: not as SDR: Special drawing rights of the IMF. virces: Bank of Takyo-Mikrobishi (Tokyo); Royal Bank of Canada (Toronia); Bi co (eura); IMF (SDR), Other data som Roylers.











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would begin to write a set of industry

bers were involved in the bailout of Long-Term Capital.

Hog-Glut Puzzle: Farmers Suffer, but Sales Thrive AirTouch

By David Barboza New York Times Service

PARK RIDGE, Illinois --- Inside a giant Dominick's supermarket here, Sam Ventura was buying some high-grade pork chops:

At \$3.99 a pound, Mr. Ventura was not fretting. "This isn't a steal, but the price is fine," he said, unloading a cart of groceries at the checkout counter as his 5-year-old son, Vinnie, looked on. "We eat pork every week, and you never hear bad things about it — none of that

mad-cow stuff. But to Rick Dean, a hog farmer in Leroy. Illinois, two and a half hours south of this Chicago suburb, the price was a disgrace. While the pork products from one of his hogs yield about \$304 at the supermarket, he was paid just \$29 each when he took his hogs to market a few weeks ago — down from about \$110 a year ago. "We've got a lot of financial stress," said Mr. Dean, a third-generation hog farmer. "It's pretty discouraging."

ing into that question after hog farm- amount of pork sold at a discount. ers around the United States complained that something unusual was going on, something unfair - perhaps even illegal.

sion-era lows. But the price of pork at the meat counter has barely budged.

While much of the United States is splurging on pork chops, ham and bacon, allegations of price-gouging are being leveled against the meatpackers who turn hogs into pork products and to a lesser extent gainst the supermarket chains that sell them.

"We're very concerned about the prices producers are getting paid," said Cynthia Cunningham, a spokeswoman at the National Pork Producers Council in Des Moines, Iowa. "Something isn't right."

Hammonds, president of the Food Marketing Institute in Washington, a

They also argue, with the support of many economists, that traditional supply and demand largely explain why hog prices have plunged even though the price of pork has not fallen anywhere near as much.

Prices for live hogs have bounced off their lows in recent days, reacting 19 cents a pound Tuesday, according to the Department of Agriculture — up from a low of 10 cents a pound in December.

It is no surprise that the farmers' crisis has caught Washington's eye. Federal officials acknowledge that some pricing data could be faulty, Meatpackers and retailers counter but they are also concerned about than 2 million a week — 10 percent

What is happening to all that flect a significant drop in prices be-money? Federal officials are look-cause they do not measure the percent, and pork prices at the retail level, which are down about 2 per-"Almost everything we sell cent or 3 percent — a spread that moves at a special price," said Tim economists say is one of the widest

on record. Agriculture Secretary Dan Glick-For more than six months, a glut in trade group that represents some of man has asked the Justice Departthe number of hogs being raised sent the largest grocery chains. "Retailers ment and the Federal Trade Comhog prices plummeting to Depresare aggressively featuring pork." fixing or anti-competitive pricing by

meatpackers. The National Farmers Union is urging federal officials to investigate competition in the pork industry, where 75 percent of the packing is controlled by just six companies — Smithfield Foods Inc., IBP Inc., Swift & Co., Excel, Farmland Foods Inc. and Hormel Foods Corp.

Several large meatpackers say they have cut prices about 30 per-cent from a year ago and are working overtime to slaughter and process a record number of hogs, more that government figures fail to re- the growing gap between hos prices more than a year ago.

But among the losers was Borders, which fell 5 1/16 to 20 after

saying its profit would disappoint

analysts because of slower sales.

J.C. Penney fell also warned that

its profit would fall short because its

sales were slowing even as it lowered

In the Treasury bond market, the

benchmark 30-year issue fell 31/32 point to 100 11/32, taking the yield

up to 5.23 percent from 5.17 percent Wednesday, as competing interna-

(Bloomberg, Reuters)

prices. It fell 3 3/16 to 431/s.

demand.

Said to Be **MCI** Target

JACKSON, Mississippi - MCI WorldCom Inc. may enter the bid ding for AirTouch Communications Inc., a move that could drive up the price for the largest wireless company in the United States, sources familiar with the companies said.

MCI WorldCom, the No. 2 U.S. long-distance company, has contacted AirTouch to express its interest although it has not made an offer, the sources said.

Vodafone Group PLC, Britain's largest cellular-phone concern, has offered to buy AirTouch for about \$54 billion, or \$90 a share, while Bell Atlantic Corp., the largest U.S. local phone company, has bid about \$43 billion, sources familiar with the offers said.

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Perster, Jan 1

AirTouch would give MC1 WorldCom 16.1 million wireless customers in the United States and Europe, filling a gap in its globale package of telecommunications and Internet services. But any bid from MCI WorldCom would constitute an about-face for Bernard Ebbers. the company's chief executive, who has long said that WorldCom's primary focus is on business customers who are not demanding

wireless services. 'Getting into wireless would take away from management's focus," said Alan Hoffman, a senior portfolio manager at Value Line Asset Management, which owns 223,400 MCI WorldCom shares. "I would like to see them concentrate'

on the fixed-line business. Officials at AirTouch and MCI WorldCom declined to comment on the status of any discussions.

Mannesmann AG of Germany declined to comment on reports the it was interested in bidding for Air-Touch, which owns a 35 percent stake in Mannesmann Mobilfunk pulled down by an interest-rate cut GmbH. Vodafone backs a competitor, E-Pius Mobilfunk GmbH.

A Vodafone spokesman, Mike Caldwell, declined to say whether the British company would raise its bid if MCI WorldCom or another company made a higher offer for AirTouch.

AirTouch shares rose \$2.125 to close at \$82, MCI WorldCom fell \$3.25 to close at \$75.125, and Bell Atlantic rose 12.5 cents to \$56. Vodafone's shares fell 50 pence to close at £10.70 (\$17.72) in Lon-(Bloomherg, Reuters)

Brazil and Clinton Keep Investors on Edge

NEW YORK - Stocks slipped Thursday as investors, unsettled by

rumblings of more economic trouble in Brazil and the impeachment trial of President Bill Clinton, took profits after Tiffany & Co., the second-largest U.S. jewelry retailer, said its largest shareholder, Mitsukoshi Ltd., plans to sell its 12

percent stake of 3.88 million shares in a public offering. • Microsoft Corp. is to buy Chicago-based FASA Inter-

• Finova Group Inc., the financial services company, is to buy Sirrom Capital Corp., a specialty finance company based in

• Rite Aid Corp., the No. 3 U.S. drugstore operator, is to open General Nutrition Cos. stores within 1,500 of their stores in an alliance with the nutritional supplement company.

• Bethlehem Steel Corp. is to close the stainless sheet- and strip-metal operations of its Washington Steel unit and cut 540 jobs, citing losses from cheap steel imports.

the worst job-cut year of the decade, according to the international outplacement firm Challenger, Gray & Christ-

Mr. Cohen said stocks were better buys four months ago, while Ms. Rivlin said, "You have to be extremely optimistic about earnings to justify these stock values."

Thursday, Jan. 7

Dow Jones

NYSE

AMEX

NYSE

AMEX

Trading Activity

Most Actives

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NYSE

a rally to record highs Wednesday. But technology stocks remained strong, and the Nasdaq composite index edged up 5.33 points to a close at a record 2,326.19. The Dow Jones industrial average closed 7.21 points lower at 9,537.76, and the Standard & high stock valuations, the market was likely to resume its rally.

Declining issues outnumbered advancing ones by a 2-to-1 ratio on the New York Stock Exchange. A day after the major stock indexes' record closes, investors

"The market is relatively overvalued," said Henry Cavanna, a money manager for J.P. Morgan Investment Management Inc.

found reasons to take profits.

Poor's 500 index fell 2.59 to 1,269.75.

Both indexes set records Wednesday.

Investors also were concerned by the deepening budget crisis in Brazil, the largest economy in Latin America, where the United States conducts onefifth of its trade. Two Brazilian states have delayed debt payments to the federal government, which will make it harder for Brazil to balance its budget and support its currency. A collapse of the currency, the real, would mean South America's largest economy could buy fewer U.S. goods.

The beginning of the impeachment trial of President Bill Clinton in the Senate also weighed on sentiment.

"The impeachment trial is going to man Brothers Inc. "Look for higher has problem in the product you never higher of the problem in the product you never higher of the problem in the product you never higher of the problem in the product you never higher of the product of the product of the problem in the product you never higher of the problem in the product your never higher of the problem in the product of the problem in the product your never higher the problem in the problem in the product your never higher the problem in the product your never high the problem in the product your never higher the problem in the product your never higher the problem in the product your never higher the problem in the product your never high the problem in the product your never high the problem in be a problem in the market; you never highs after a modest pullback."

U.S. STOCKS

know which way sentiment goes," said Barry Hyman, market strategist at Ehrenkrantz, King & Nussbaum. Still, many analysts said that de-spite the pullback Thursday and the

to expect a lot of risk," said Stephen money manager at Holland & Co.

NEW YORK - The dollar fell

against other major currencies Thurs-

day on concern that a worsening

Brazilian economy would hamper

growth in the United States, where

Latin America, where the United

delay paying government debt, and

the drain on national coffers could

hamper the country's efforts to sup-

INTERNATIONAL FUTURES

States conducts a fifth of its trade.

Brazil is the largest economy in

Two Brazilian states say they will

manufacturing is already slowing.

Stocks related to the Internet raced ahead. Amazon.com, the online bookseller, rose 20% to 158% and Yahoo!, the leading on-line search service, rose 29 to 320. Banking stocks also were strong,

with Citigroup rising 41/4 to 581/4. Fears of September and October made people far more pessimistic than they had to be" about financial "Momentum is much too strong stocks, said Michael Holland, a tional and corporate issues sapped

"Brazil was the trigger for the

dollar's decline," said Keisuke Aso,

manager of foreign exchange trad-

ing at Bank of Tokyo-Mitsubishi Ltd. "U.S. manufacturing is already

FOREIGN EXCHANGE

going down, and because of Brazil it could get even worse."

P.M. trading, the lowest level in

more than two years. It traded at

The dollar fell to 110.95 yen in 4

3-MONTH EUROLIRA (LIFFE)

for international loans.

Risk to U.S. Economy Pins Down Dollar francs from 1.3926 francs. The pound fell to \$1.6510 from \$1.6550,

> The dollar extended its losses against the euro after Wim Duisenberg, president of the European Central Bank, said he was happy with the euro's exchange rate and that trading in Europe's new currency had "functioned extremely well."

by the Bank of England.

Also horting the dollar was the beginning of the impeachment trial of President Bill Clinton. Traders port its currency and cut the budget 112.90 year late Wednesday. The said they were concerned the prodeficit, as required by the Interna- euro rose to \$1.1705 from \$1.1617. ceedings may divert the attention of tional Monetary Fund in exchange The dollar also fell to 1.3783 Swiss legislators from the economy.

INVEST: IPOs on the Internet

High Lose Latest Chap Opto Continued from Page 11 as Wit, E*Trade and Charles

> evenly among customers who indicate they want a piece of

So far, Mr. Lessin con-

Lessin said, meaning he believes he would have enough clients to buy all the shares of

tle, he said. E*Trade.

Hambrecht & Quist, which such electronic trading firms

Schwab. stress that they complement the traditional investment the offer, said Lisa Nash, a banks rather than challenge

them. "There are certain types of cedes, the number of shares IPOs that lend themselves to that the lead investment retail only," namely, those banks have given Wit have companies that sell goods that been tiny — and demand consumers use, said Debby from Wit's 11,000 members Grauman, a vice president at has been high.
"We could do the issue think you'll ever replace the institutional presence in the market."

Professional analysts devote much time to scrutinisome IPOs. Getting invest- zing the financial underpinment banks to turn over more shares, is the "ultimate" batketing hype and reveal the "We're oversubscribed inner workings of how they every time," said Ms. Nash of hope to turn their ideas into

A growing number of in-vestment banks are recogniz-ing and trying to make good

Such analysis is complex and time-consuming, and not the kind of evaluation that most amateur investors do. "The old ways of doing business just don't hold anymore," said Paul Noglows of leases to mask a weak busileases to mask a weak busi-

has been among the most aggressive in helping get more new issues into the hands of

INTEREST RATES Thursday, Jan. 7 Government Debt 2-year 4.807 3.08 3.009 3.103 0.535 3.089 5-year 4.401 3.333 3.276 3.375 1.105 3.297 10-year 4.76 99-27 3.00 3.00 2.23 0.32 2.85 2.17 2.97 Money Market Rates United States Discountingle
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Very briefly:

 E*Trade Group Inc., the on-line broker, and Goldman Sachs Group LP, the investment banker, have each agreed to buy a 25 percent voting interest in Archipelago, which operates an electronic communications network for Nasdaq stocks.

active Technologies Inc., a computer games maker. Financial terms of the acquisition were not disclosed.

Nashville, Tennessee, for about \$379 million in stock.

• U.S. job cuts surged to 103,166 in December, making 1998

Wall Street Too Optimistic?

NEW YORK - Abby Joseph Cohen of Goldman, Sachs & Co., one of Wall Street's most bullish strategists, and the Federal Reserve deputy chairman, Alice Rivlin, said Thursday that stocks may have risen too far, too fast.

U. S. STOCK MARKET DIARY

Thursday, Jan. 7

CORN (CBOT)

5.000 by minimum—conts per bushel
Mar 99 2234 2194 2194 4 177,404
May 99 2254 2254 236 34, 58,339
Jul 99 2254 2254 4 34, 63,328
Sep 99 2474 2484 245 3 14,721
Dec 99 2474 2484 245 3 25,826
Mar 00 257 2567 2569 24 22
Ext. sales 25,000 West's sales 57,041
West's open int 348,249, off 3,964

SOYBEAN MEAL (CBUT)
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Mor 99 142.00 140.00 140.20 -2.
Moy 99 142.50 140.00 140.20 -2.
July 91 142.50 140.00 140.20 -1.
Aug 99 142.50 140.00 140.00 -1.
Sep 99 142.50 140.10 140.20 -2.
Ed. soiles 18,000 West soiles 18,233
West's open left 114.443, up 245

FEEDER CATTLE (CMER)

HOGS-Lear (CALER)
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Feb 99 30.22 3530 36.72 +2.4
Apr 99 40.30 39.36 41.95 +1.3
Feb 99 50.40 50.00 51.25 +0.3
Jul 99 50.42 50.00 51.25 +0.3
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5 YR TREASURY (CBOT) \$100,000 prin- pix & Seins of 100 pcf Marr 97 113-17 112-58 112-42 - 11 304,914 Jun 97 113-46 - 12 947 Sep 99 113-46 - 12 5

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(9 pct-\$100,000-pts of 100 pct)
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JAPAMESE YEN (CALED)
12.5 million ymp, 5 per 100 ymr
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147 79 9211 9045 9197 + 9145
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Ext. soles: 100,000. Pews. soles: 105,513
Prev. open int.: 259,232 up 9,829

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Gold Fixings

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Market Sales

every Monday in The Intermarket

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Compiled by Our Stuff From Disputche

shares jumped Thursday on a report that Sweden's largest carmaker had hired a U.S. of Volvo's capital and 10.5 percent of the votes. investment bank to explore the sale or merger of its car division.

The report in the Financial Times, which did not name the bank and cited an unidentified nonautomotive operations and is now beefing Volvo official, said Ford Motor Co., Fiat SpA and Volkswagen AG could be bidders for the unit, which was valued as high as \$5.6 billion. chief executive, Leif Johansson, has said he

Volvo declined to discuss the report. of their substance," Per Lojdquist, a Volvo spokesman, said.

Jonas Wintzell, chief of investor relations at Volvo, said the interest in the report had sternmed from the current wave of speculation

Source. Volvo reany is going to be critical mass to compete against global players."

Mr. Nakama said Volvo's truck operations stemmed from the current wave of speculation on consolidations in the auto industry.

GOTHENBURG, Sweden — Volvo AB's cooperation, "said Joakim Spetz, fund manager "Robur has complete confidence in Volvo's management.

up its truck, bus and construction-equipment divisions through acquisitions. The company's Volvo's B shares closed at 224 kronor, (\$28.50) expects Volvo's commercial operations to grow faster than its car unit.

"It does make sense for Volvo to seek out a We don't comment on rumors, regardless merger or acquisition partner, said Neal Nakama, an auto-industry consultant at Autosource. "Volvo really is going be too small.

were its "crown jewels." It is the world's Europe.

second-largest maker of heavy trucks after DaimlerChrysler AG and is second in buses and third-largest in heavy construction equipment (Bloomberg, Reuters) in the world.

■ Renault Plans Entry into China

Renault is working on a plan to make or sell Megane Scenic cars in China that would serve as the base for an assault on that market, the automaker's deputy managing director. Francois Hinfray, said. Reuters reported from Par-

Renault, which said its 1998 worldwide sales rose by 15.8 percent, has so far centered its expansion in the Mercosur countries in South America, in Turkey, where Renault has a modern plant, and in Eastern Europe.

Mr. Hinfray said the company needed another project in Asia as part of its long-term objective to increase unit sales outside Western

Strong Demand

For French Bond

Reuters

of government bonds denom-

inated in euros was a hit with

The government sold 3.43 bil-

lion euros (\$3.98 billion) of bonds

due in April 2009 and 370 million

euros of bonds due in April 2029.

Bids for the first issue outstripped

the number of bonds available by

a 2.5-to-1 ratio, while bids for the

second issue outnumbered the

ever seen," a primary dealer at

Bond traders said a striking

feature of the sale was that in-

stitutional investors, notably

from Japan and other Asian

countries, were active buyers and

that vields on the 10- and 30-year

honds that had been sold con-

Dealers had been worried that a sale of German govern-

ment bonds Wednesday would

crimp demand for the French

issue. Germany sold 7.26 billion

Montreal

tinued to fall after the auction.

a French bank in Paris said.

It's the best auction I've

investors Thursday,

supply by 3 to 1.

PARIS - France's first sale

Duisenberg Says He Sees No Rate Cut

By John Schmid International Herald Tribus

FRANKFURT --- The European Central Bank, which this week took control of interest rates for Europe's currency union, damped expectations Thursday of an imminent credit easing to stimulate Europe's cool-

ing economy. Speaking after the first meeting of the bank's governing council since 11 nations in the European Union introduced their common currency. the euro, Friday, Wim Duisenberg, president of the bank, rejected recent calls for a cut in lending rates by saying the central bank effectively had adopted a neutral stance.

There is no bias any longer in either direction," neither toward an increase nor a decrease in lending rates, Mr. Duisenberg said.
"We see no tendency that can

force us to change interest rates for as far as we can see," Mr. Duisenberg said, promising to keep the bank's benchmark money-market rate at 3 percent for the "foreseeable future." The latest calls for looser money came this week from Germany, Europe's biggest economy, amid predictions of slowing growth in the euro zone and rising German

unemployment. The influential DIW economic research institute in Berlin justified a call for an easing of credit with a prediction that the euro zone's economy would slow to 1.9 percent growth this year from 2.8 percent last year. For Germany, Europe's economic locomotive. DIW forecast that growth would fall by nearly half, to

1.4 percent from 2.7 percent. Adding to fears of a slowdown, the German Federation of Labor joined the demands for lower lending rates with predictions that German unemployment for December would total 4 million people, up from 3.94 million in November, when the govalso forecast that the country's jobless total would continue to climb

through February. Noting the smooth launch of the euro this week, Mr. Duisenberg exrency's "successful" inception.

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∵ in U.S. dollars.

Stockholm

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Very briefly:

 Target, the new European money-transfer system, produced some delays after banks made clerical errors, bankers said. The four-day-old system processes euro transactions among banks in the 15 countries in the European Union. Bankers expressed confidence that the system would work well once participants got used to it.

 British Airways PLC said a decline in its business-class traffic was accelerating. BA shares fell 6 percent, to 388 pence (\$6.42), as analysts cut profit forecasts for the airline.

 Britain's capital-markets regulator asked the liquidator of Griffin Trading Co.'s British activities to provide a timetable for distributing client funds held by the collapsed Chicagobased clearing-services firm. All of Griffin's accounts have been frozen, effectively barring many investors on the London International Financial Futures Exchange from trading.

• German retail sales stagnated in 1998 and will rise only marginally in 1999, the retail association HDE said. The association said 1998 sales after adjustment for inflation would show a decline for the sixth consecutive year.

• Jurys Hotel Group PLC's pretax profit rose 24 percent in the six months that ended Oct. 31, to 16.96 billion curos (\$19.70 billion), as room occupancy was high and rates million in November, when the government released the data Friday. It revenue rose 18 percent, to 55.57 billion euros.

 The Czech Republic's economy shrank about 2 percent in 1998 as unemployment exceeded 7 percent, the International Monetary Fund said.

High Low Close Prev

· Wembley PLC, the company that operates the London sports stadium, said it had been approached by a potential pressed satisfaction with the cur-bidder, whom it declined to identify. Bloomberg, Bridge News All', Realers

Legal Costs Sour Barclays Profit Outlook

LONDON - Barclays PLC. the second-largest British bank, said

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Thursday that its profit for 1998 would be £76 million (\$125.8 million) lower than its previous forecasts because of a lawsuit brought by a former client.

£250 million to cover losses on Russian loans and by the sudden resignation of its chief executive. Martin Taylor, whose successor has not yet

tlement of a lawsuit filed in 1994 by ment banking unit, Barclays de Zo-British & Commonwealth Holdings ete Wedd Ltd., gave British & Com-PLC called for Barclays to pay that monwealth on its acquisition of company's administrators £116 Atlantic Computer Systems in 1988. million, of which £40 million is ex- Both British & Commonwealth and

pected to be covered by insurance.

Barclays was hit in the second at least £1.9 billion. That figure was half of 1998 by a need to set aside calculated before it settled the suit. A charge of £76 million thus would reduce pretax profit by 4 percent. The bank's share price fell 21 pence to close at £14.07.

The bank said Thursday the set- that the company's former invest-

Atlantic Computer later went into The bank said in November it receivership, and the administrators expected its 1998 pretax profit to be sued the bank for breach of duties, originally seeking £500 million plus Barclays sold the equities and

corporate-finance business of BZW last year, and some analysts say it should reduce the fixed-income The suit arose from the advice business of the remaining investment bank, Barclays Capital.

EU Unemployment Holds at Six-Year Low

BRUSSELS — Unemployment in the 15-nation European Union held

at a six-year low in November, according to figures released Thursday, and the jobless rate in the 11-nation single-currency area also was unchanged as slower growth hurt prospects for new jobs in the region.

Joblessness in the EU was 9.8 percent the same as in October, and the unemployment rate for the 11 countries using the euro stayed at 10.8 rates in the bigger euro economies," 50 percent of the euro zone's econ-percent, according to Eurostat, the said Karen Kricks-Brunnlieb, an omy. (Bloomberg, Bridge News)

EU statistics office. A year earlier, the rates were 10.5 percent in the EU

and 11.6 percent in the euro zone. Unemployment in large European countries is falling slowly, and economists expect that trend to continue as European economies slow this year. The EU has revised its growth forecast for the euro zone to 2.6 percent in 1999 from 3.2 percent.

"The figures aren't surprising, because they reflect stagnant jobless economist at HSBC Trinkaus. Germany's unemployment rate

held at 10.6 percent in November. with joblessness rising by 4,000 as construction-industry employment fell. The December unemployment rate is to be announced Friday.

French unemployment dropped to a three-year low of 11.5 percent in November as the number of job seekers fell by 4,700. Germany and France together account for about

euros of 10-year bonds Wednesday to yield 3.71 percent.

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WORLD STOCK MARKETS

Thursday, Jan. 7 Prices in local currencies: in euros for EMU countries

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To Our Readers

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Internet Mania Grips the Market

'Day Traders' and Their Low On-Line Commissions Feed the Frenzy

By Steven Mufson
Washington Post Service

WASHINGTON — Last week, a small Phoenix-based company called SkyMall Inc., which markets goods in airline in-flight magazines, issued a news release with a banner headline: "SkyMall Internet Sales Up 600 Percent"

Never mind that SkyMall's Internet sales still amounted to just 3 percent of its total sales; investors went wild. In frantic trading that day, Dec. 28, SkyMall soared as high as \$48 a share, more than 10 times its price a week

Was this a vote of investor confidence in the future of SkyMall? Hardly. Few investors were buying the company as a long-term investment. During that day, each SkyMall share was bought and sold an average of mote than 10 butters. The trading resembled a game of musical chairs, with in-

vestors striving to buy and sell their shares before the music stopped. SkyMall's chief executive was one of the biggest players, earning nearly \$24 million by selling hundreds of thousands of shares at an average price of \$35 a share that day.

SkyMall is just one of the many companies in the midst of the Internet mania gripping the stock market. The shares of companies doing business on the Internet have given new meaning to the word volatility, featuring frantic trading of a small base of shares, heavy insider selling and press releases that

contain more promises than profits.

"This may be the wildest bubble of the century," said David Dreman, a money manager who has written a book about stock-market bubbles from the auto craze of the 1920s through the computer-company euphoria of the

The latest American gold rush is being led by so-called day traders, individuals who pan for quick returns by trading on-line several times a day. Empowered by computer technology and low on-line commissions that were not available two years ago, these people have fueled the sharp price rises of Net-

related companies of all types, even when the links to the Net are tenuous at best. Whereas Internet companies say they expect to start turning in profits in two to five years, the average investor in an Internet company sticks around for a

couple of hours to a week.

Since last week, shares of SkyMall —
which has \$65 million in annual sales —
have been losing altitude, though they
jumped again Thursday after the company named a veteran sales executive,
Sandy Goldman, to direct its new Internet
shopping mall unit.

The shares were at \$21.75 in early trading, up \$4.125.

Meanwhile the company's chief ex-

Meanwhile, the company's chief executive, Robert Worsley, used the money he made from selling his shares during

The shares of companies doing business on the Net give new meaning to the word volatility.

last week's surge to exercise stock options at a fraction of that price — \$6.75 a share — doubling his SkyMall holdings at no additional cost just three days before the options were set to expire.

SkyMall's general counsel, Christine

Aguilera, said Mr. Worsley was "obligated to use his best efforts" to obtain financing to exercise the options, which bought out an early investor.

One of the most stunning examples of the Internet craze was its impact on the fashion industry's stocks.

Active Apparel Group, a small sportswear company that manufactures under the brand names Everlast and Converse, saw its shares surge \$10.25 on Dec. 28 — an 820 percent increase — after the company announced that it had launched a Web site. The next day the stock jumped a further \$7.50, to \$19, after spiking to \$25. In two days, the shares available for trading had changed hands nearly 16 times.

But for now, Active Apparel's earnings are largely the figment of active imaginations. In the first nine months of 1998, the company earned \$99,850, or less than 1 cent a share, on sales of just \$12 million

In early trading Thursday, its stock was at \$6.8125, up \$1.25.

Small companies are not the only ones that have been swept up in the enthusiasm for business in virtual shop-

ping malls.

Take the blue chip of the on-line commerce business, Amazon.com. The unprofitable on-line book and music marketer is trading at 200 times what analysts project its earnings will be in 2001, Mr. Dreman said. The chances of those analysts knowing what the earnings will be "are about one in 50 billion," he said.

On Dec. 16, when Henry Blodget, an analyst at CIBC Oppenheimer & Co., predicted that Amazon's shares would hit \$400, the company's stock soared 19

\$400. the company's stock soared 19 percent in one day. The next day, Jonathan Cohen, a Merrill Lynch & Co. analyst, said the stock was worth only \$50 a share.

In the wake of the leap in
Amazon's stock price, Mr. Cohen
said: "It's fair to say that at this
moment Amazon is probably the
single most expensive piece of publicly
traded equity, not only across the Internet space but probably in the history

of modern equity markets."

At Wednesday's close, the value of Amazon's outstanding shares came to nearly \$20 billion, substantially more than the value of Sears, Roebuck & Co. and nearly twice as much as that of J.C. Penney Co. Amazon announced Wednesday that revenue climbed to \$250 million in the fourth quarter, but it also said it had a far greater loss than in the previous quarter. But it also announced a 3-for-1 stock split earlier in the week,

and its shares in early trading Thursday were up \$12 at \$150.

Skeptics about the latest Internet marketing rage say that, even assuming the market leaders can stop losing money, they still won't make much more than ordinary earthbound retailers once competition increases and different firms stake out their shares of the market.

Among those who apparently have doubts are Amazon insiders. According to Securities and Exchange Commission records, nine Amazon directors and executives sold more than \$60 million of stock in November.

Euro Funds? U.S. Has None

Bloomherg News

SAN FRANCISCO — U.S. mutual-fund managers, usually quick to spot marketing opportunities, have not yet created a fund for individuals to invest solely in the 11 European countries that adopted the single currency Friday.

Instead, they are leaving individuals to choose from existing funds that invest across the Contineat, including countries that are not in the currency union, notably Switzerland and Britain, home to Europe's largest stock market.

Of the 22 U.S. funds for indi-

Of the 22 U.S. funds for individuals created in 1998 to invest in Europe, none is devoted solely to stocks or bonds of the "Euroland" countries, according to Wiesenberger, a fund-industry research concern in Rockville, Maryland.

"People are sort of taking a waitand-see attitude in terms of ways they market or introduce new funds" based on the euro, said Hap Bryant, an analyst with Morningstar Inc.

After five years of explosive growth in the number of U.S. funds, managers are slowing their proliferation. More than 6.500 funds were created over the past five years, bringing the total to 11,235 with a total of \$5 trillion in assets. The number of European funds formed last year, 22, was a decline from 25 in 1997.

But many choices exist: Wiesenberger tracks 133 funds that invest in Europe. The best-performing European equity fund of 1998 was the Bartlett Europe Fund, which is up 44 percent over the last 12 months, compared with an average return of 19 percent for European funds, according to Morningstar.

But they aren't the only Internet company insiders unloading their holdings. In part, that's because many Internet companies rely heavily on stock options to reward their executives. Some analysts, however, said it reflected doubts among the people who knew the compa-

Europe's Big-Stock Bias

Single Currency Tilts Scale in Favor of Large Firms

By Matthew Lynn

LONDON — Europe's new eurobased economy is about to undergo a great equity boom — and France stands to benefit more than any other European

The boom will result from the way capital is about to be redistributed. The creation of a single European equity market will lead to a pan-European index along the lines of the FT-SE 100-share index in London, the DAX index in Frankfurt or the CAC-40 in Paris. This will free investors, particularly the big pension funds, from restrictions that have forced them to invest primarily in their domestic market and will move funds into the new pan-European market.

Big French funds will not be moving into small stocks, however. Their money will go into big companies such as DaimlerChrysler AG or Mannesmann AG of Germany. Similarly, big German funds moving money into Italy will be going into Fiat SpA or Telecom Italia SpA.

Some market commentators have taken note of this prospective shift. David Bowers, a European investment strategist at Merrill Lynch, in a recent commentary said the rise of new benchmarks had already stimulated a "major rebalancing and diversification of domestic portfolios — a process that looks set to continue over several years." He added, "Not only could this undermine the demand for smaller-cap stocks, but it may also end up redefining what are large- and small-cap stocks: a blue-chip in the Dutch market may become a midean in a sum roote market."

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The potential flows of money could be big. In Germany, for example, just 2 percent of pension-fund money is held in non-German equities. Diverting that pool into general European equities will make a huge difference. In France only 3 percent of pension fund money is in non-French equities. In Spain, the figure is 1 percent, and in Italy precisely zero. Those funds are going to start looking to buy shares throughout the euro zone, and all are going to be chasing the big-

capitalization stocks.

So who will be the big winners?
There are plenty of contenders, although

there are regional differences: Some European countries seem to be good at producing huge companies, while others have profitable small companies.

An analysis of the Dow Jones Euro Stoxx 50 index shows that 14 of the issues in it are French. 11 are Germard 10 are Dutch, and 5 are Italian. That is hardly a reflection of Europe's real economy. Is France that much more important than Germany? Is the Netherlands twice as important as Italy, or three times as mighty as Spain? The French and Dutch may be good at building corporate giants, whereas the Germans and Italians are better at creating medium-sized firms that generate plenty of wealth and jobs but do not grow to the size where they will make it

Into the index.

That breakdown will certainly reinforce a long-standing British prejudice that the euro is a French conspiracy for redirecting the world's investment flows toward Paris; anticipation of that fact might be one reason the CAC 40-share index rose 30 percent last year despite the relatively depressed performance of the French economy.

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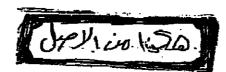
The creation of Euroland stock indexes will drive up prices of big-company stocks within the zone's stronger economies, creating inflated asset prices among the biggest companies.

prices among the biggest companies.

One result will be to drive capital into Europe's core economies — France. Germany and the Netherlands — and away from Portugal, Ireland or Finland. Unfortunately, that is the wrong direction. It would be better if capital moved into the smaller countries to mitigate the potentially deflationary effect of switching to a currency that looks likely to be almost as strong as the Deutsche mark.

almost as strong as the Deutsche mark. The other result will be to direct capital toward big companies and away from smaller stocks, which may get lost in the financial stampede. But the corporate giants are now obsessed with "restructuring," the polite term for firing lots of people. The one thing Europe will need desperately to ease the strains of imposing a new currency on 11 economies is a much higher rate of job creation. And jobs are created by small businesses that are growing, not by giants intent on merging with each other.

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Katy Houri: Fax (33-1) 41 43 92 12 or e-mail: funds@iht.com INTERNATIONAL FUNDS January 7, 1999 To receive free daily quotations for your funds subscribe at: e-funds@fint.com http://www.iht.com/IHT/FUN/funds.html 11.96 11.72 10.86 9.68 10.86 10.28 5.00 9.74 11,290 11,329 11,595 310,54 112,40 113,65 6,54 6,58 6,65 GAM SET TORRE DO MA CC DEM 19 GAM SET TORRE DE DO MA CC DEM 19 GAM SET TORRE DE DEM 19 GAM SET UNIVERSE DE PLANT DE DEM 19 GAM SET UNIVERSE DE DEM 19 GAM SET UNIVERSE DE DEM 19 GAM SET UNIVERSE DE DEM 19 GAM SET DE DE DE SET DE DEM 19 GAM SET DE DEM 19 GAM SET DE DE DE SET DE DEM 19 GAM SET DE DE DE SET DE SET DE DES 19 GAM SET DE DEM 19 GAM SET DE DE DE SET DE SET DE DES 19 GAM SET DE DES 19 GAM SET DE DE DE SET # BBL Invest UN Cop # 5 # BBL (I) Inv Gelgrange Cop # BBL (I) Inv Gelgrange Cop # BBL (I) Inv Burge Cop # BBL Rento Fel Inv Fel I TO CURRENT SECURITIES ASSET MARCI TO CURRENT SECURITIES ASSET MARCI TO CURRENT SECURITIES ASSET MARCI TO COMMENT SECURITIES ASSET MARCI TO COM The Delice Fund The Delice Fun 9th INTERCRIVEST GERERAUDA) LTD Tale 1441 1973-3874 on Hedge Hog & Conserve Pd S 7.27 on Hedge Hog & Conserve Pd S 8.75 Hitsp: New York 1984 1984 1984 1985 of Both State Pd Ltd S 8.75 Hitsp: New York 1984 1984 1984 1984 1984 1984 of Ger Both State Pd Ltd S 8.75 of Ger Both State Pd Ltd S 97 of Ger Both State Pd S 97 of Ger Both S 9 Cathod Employ Fol Cathod Employ Fol Cathod Inform Soc Equ Cathod Inform Soc Equ Cathod Inform Soc Equ Cathod Respertors Soc Equ India Respertors Soc Equ India Respertor Soc Fol Information Social Fol Marth America Equilibria Social Respector Social Respector Social Respector Social Responsibility Fol So UNITE OASIS FO (19): 223 34 (07) INTE OASIS FO (19): 252 34 (07) INTE OASIS FOR FOR (19): 252 34 97 69 305 44 378 50 1127 70 99 17 99 58 840 52 19 50 10 54 6 79 11 552 4 502 14 532 ## Pulsar J. 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Hyundai's Growth in a Shrinking Economy Raises Eyebrows

SEOUL - Closings and cutbacks are the bitter pills South Korea has prescribed for its sickly conglomerates, but one could hardly tell by looking at Hyundai Group.

Seoul last year ordered the country's five biggest conglomerates, or chachol, to shut down or sell units and to limit their reckless expansion, blamed for a deep recession. But a - glance at company figures shows Hyundai as a contrast to its four rivals. Although told to trim its sails, Hyundai seems to have consolidated its position as the nation's largest chaebol.

Nobody can prove it, but there are a lot of examples which would support suspicions about the government and Hyundai." said Lee Phil Sang, an economics professor at

Korea University.
At the end of 1998, Hyundai had about 90 trillion won (\$77.3 billion) in assets, compared with 73 trillion won at the start. This puts it far ahead of the second-largest chaebol, Samsung Group. Despite having a debt burden nearly six times its equity, Hyundai

made acquisitions in the auto, oil and banking industries. On Wednesday, LG Group gave in to government pressure to allow Hyundai to , could be new satellite chaebol. control a new semiconductor company that will be formed by merging LG Semicon and

Hyundai Electronics Industries Co. Even government officials have made

comments about Hyundai's expansion. "I think Hyundai's recent expansion and investments run contrary to other chaebol's efforts," said Kim Tae Dong, senior secretary to President Kim Dae Jung for policy and planning. But the Blue House, South Korea's presidential residence, and Hyundai have dismissed talk of any special favors. What favors?" a Hyundai spokesman

asked. "It's just a strange coincidence that many projects which we had pursued for a long time have borne fruit this year."

A plan to develop North Korea — a project not expected to turn a profit for years - was the centerpiece of Hyundai's achievements in a year of arduous reforms for other chaebol. Analysts expect the offspring of Hyundai's

legendary founder, Chung Ju Yung, 83, to own pieces of the pie, too. lead to different areas. The result, they say.

Samsung did something similar a few years ago, spinning off two units, Hansol Group and Cheil Jedang Group. They had been run by a sister and nephew of the group chairman, Lee Kun Hee.

Hyundai has recently paved the way for family property to be inherited," said Rhee Namuh, executive director at Samsung Securities Co.

The co-chairman of Hyundai, Chung Mong Koo, second son of the founder, recently took charge of auto operations, which now include Kia Motors and Asia Motors. Hyundai won the bidding for the two debt-ridden companies in October and now accounts for nearly 70 percent of South Korea's car production.

Many analysts say another co-chairman, Chung Mong Hun, the fifth son of Chung Ju-Yung, will run the semiconductor and fi-nancial interests. The patriarch's other sons and grandchildren are expected to get their

Chaebol were nurtured by the late President Park Chung Hee after the Korean War to

catapult South Korea out of poverty. The five main chaebol became internationally known brand names in the 1980s. When the Asian crisis erupted in 1997. South Korea had the world's 11th-largest economy.

But the five chaebol seemed to expand more through ego than business sense. They were blamed for overcapacity and massive debts that forced Seoul to accept harsh terms in exchange for a cash injection arranged by the International Monetary Fund.

Kim Dae Jung, a dissident during military rule, was elected president at the height of the crisis and pushed chaebol into so-called big deals - forced business swaps in many industries. This has led to inconsistency and a hurried reform timetable, Mr. Lee of Korea University said, Hyundai vowed to cut the number of its affiliates to 30 from 63. But chaebol had not just too many affiliates but too much of everything, analysts say.



YEN: As the Japanese Currency Rises, Obuchi Calls for 'Tripolar' Arrangement

Continued from Page 1

oric from Japan and France means. Senior U.S. Treasury officials have operate toward that goal. made clear they have no enthusiasm for a more targeted or fixed ex-

change-rate system.
"The Japanese," said James Lister-Cheese, global strategist at In- interest. dependent Strategy in London, "are "I would hope very strongly the currencies included in the euro acclearly worried that the importance day will come before too long when count for roughly two-thirds of of their currency and their economy the United States recognizes the imis going to diminish relative to the two leading currency blocs in the to maintain their currency's interworld and that they are going to national value." Mr. Gyohten said in become country cousins, meaning an interview with Reuters Televi-they will have less influence when it sion. He proposed that Europe, Japan comes to G-7 type meetings and coordinated international policy.

Mr. Chirac, in comments to diplomats in Paris, said: "Greater sta- of exchange rates between their curbility in foreign currencies is a ne- rencies." If they can publicly ancessity. The global economy has nounce that "this is the acceptable suffered a lot from sudden and ex- range," he said, "I think that could cessive movements in the major curbe a very important first step.

Mr. Obuchi called for a greater financial system based on the dollar. the euro. the euro and the Japanese currency.

tional currency regime," the Jap-anese leader said. "We must co-

In Tokyo, meanwhile, Toyoo Gyohten, an adviser to Mr. Obuchi, frightened that the yen could befall in the dollar was in nobody's

portance of and their responsibility and the United States continue consultations between them to find out what is the broad, acceptable range

Mr. Obuchi said he hoped there would not be "too much fluctu- down from 112.90 yen Wednesday. role for the yen in a "tripolar" world ation" in the value of the yen against

He noted that he had paid 135 yen If Europe and Japan and also the to the euro for euro-denominated

Analysts said Mr. Obuchi's call for a new three-way system, coming signaled that the Japanese were warned the United States that a large come irrelevant in a world dominated by the dollar and the euro. While the U.S. dollar and the 11

> than 10 percent of the total. The yen has been bolstered lately by the near-doubling of Japanese government bond yields in recent weeks, said Brendan Brown, senior economist at Tokyo Mitsubishi International in London.

> world trade, the yen represents less

"This is very damaging for Japan's economy, which is still mired in recession," Mr. Brown said, notfer as a result of the yen's strength. pects.'

The dollar was at 110.88 yen in late trading in New York on Thursday, the idea of coordinated policy, saying that while France, Germany,

Italy and Japan might be united, any

possible to build a stable interna- the euro had since fallen to 131 yen. position from the United States and Britain.

"Clearly in Europe, the French just days after the launch of the euro, and German governments are interested in putting some sort of floor under the dollar in order to maintain their exports," he said, "but I wouldn't think there is any U.S. or

British interest in a formal regime. There could be a split inside the G-7 over this idea of a new world financial order, although Japan could get agreement inside G-7 for some son of exchange-rate coordination on

Mr. Lister-Cheese said that from Tokyo's point of view, "a global coordinated range of currency targets would protect Japan's interests in a geopolitical sense but also diminish the risks of the strong yen playing a hugely negative role in ing that Japanese exports could suf- Japan's immediate economic pros-

Beyond the rhetoric, however, Mr. Lister-Cheese said Japan needed to act to prevent the yen from Mr. Brown and others scoffed at appreciating further, "or this will squeeze the last drop of potential recovery out of their economy."

Mr. Obuchi will travel to Germany United States cooperate, it will be travelers checks on Monday but that formal proposals would run into op- on Friday and Italy on Saturday.

Sega's Game Is a Sellout

Bloomherg News

TOKYO — Sega Enterprises Ltd., which trails Sony Corp. and Nintendo Co. in global sales of home video games, said Thursday it had been overwhelmed by demand for its new Dreamcast game console.

Japanese stores have sold out the 500,000 Dreamcast consoles that Sega shipped between Nov. 27 and the end of December, said Munchiro Umemura, a spokesman for Sega. The company plans to deliver another 500,000 through the end of its. financial year in March, matching its initial projections. The player

sells for about 29,800 yen (\$264). But analysis warned that Sega, best-known for its Sonic the Hedgehog character, had cleared only the first of many hurdles in its race to catch its rivals. Sony, which has sold about 40 million PlayStations since late 1994, holds a commanding lead in a worldwide market valued at an scheduled to be released in the United States and Europe in September.

Sensitive lodex

Very briefly:

risks and transaction costs.

· South Korea plans a "small" cut in interest rates to try to limit the rise in its currency and protect its export earnings, the central bank said. "We consider it necessary to cut key rates to cap the won's sharp surge, but the cut will be small, "said Park Cheul, an assistant governor at the Bank of Korea.

 Associated Cement Cos., India's biggest cement company. canceled a planned sale of preference shares to Tata Group that was intended to raise 1.89 billion rupees (\$44.6 million) after institutional investors protested that Tata, which owns about 14 percent of Associated Cement, should pay more for a larger stake in the company.

• Singapore Telecommunications Ltd. announced the planned purchase, valued at 11.6 billion baht (\$321.8 million). of 20 percent of Advanced Info Service. Thailand's largest

cellular phone operator. • Japan's household spending in November rose 1.3 percent from a year earlier, the first increase in 13 months; officials

cited cut-price offers in shops across the country. · Hong Kong Telecommunications Ltd., the dominant phone company in its region, plans to cut tariffs on its mobile-

phone services by as much as 70 percent. • China's Economic Information Daily quoted Huang Jinlao. an economist with the Bank of China, as warning that many estimated \$15 billion. Dreamcast is European importers may be more inclined to seek goods from within the euro zone than from China as the euro cuts currency

Bloomberg, AP, Bridge News, MFP

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Herald Eribune PORTS

WORLD ROUNDUP A Sigh of Relief as NBA Gears Up for Shortened Season

Korda May Face 2d Drugs Hearing

TENNIS The International Tennis Federation will seek a one-year ban for Petr Korda, the Australian Open champion, Brian Tobin, the ITF president, said Thursday in Perth, Australia.

Korda tested positive for the steroid Nandrolone at Wimbledon in

July but escaped a ban. Several of Korda's leading rivals criticized the federation for not imposing the one-year suspension contained in its rules. Tobin said the decision was made by an independent appeals body appointed by the

He said the federation planned to appeal to the Court of Arbitration for Sport in Switzerland within 10

 At the Hopman Cup in Perth, Martina Hingis kept Switzerland in contention Thursday when she beat Lindsay Davenport, the American who dethroned her as world No. 1

Hingis beat Davenport in the singles and then, teamed with Ivo Heubergerte, beat the U.S. pair of Davenport and Jan-Michael Gambill in the doubles to give Switzer-

land a 2-1 victory. (Reuters)

• Yevgeni Kafelnikov, the No. 3 seed, wasted four match points Thursday and lost, 3-6, 6-1, 7-6 (12-10), to Hicham Arazi of Morocco in the second round of the



Anna Kournikova of Russia on her way to defeating Li Fang of China, 6-1 6-4. Thursday in the Challenge Cup in Hong Kong.

White Wins Final Award

FOOTBALL Reggie White capped his illustrious career as The Associated Press NFL Defensive

Player of the Year. White, who planned to retire, a year ago, played one last season with the Green Bay Packers and led the NFC with 16 sacks. He easily outpolled John Randle, the Minnesota tackle.

Couch Turns Professional

FOOTBALL Tim Couch, the University of Kentucky quarterback, will pass up his senior year to enter the NFL draft. Couch was to announce his decision Thursday, a day ahead of the deadline for underclassmen to declare for the April draft.

Kris Farris, a UCLA tackle and the Outland Trophy winner, entered the draft Wednesday along with Amos Zereoue, the West Virginia running back, and David Boston, the Ohio State receiver. Shaun Alexander, the Alabama running back, will remain in school. (AP)

Rookie Wins Slalom

SKIING Benjamin Raich, a 20year-old rookie, came from 23d position Thursday to win the night slalom in Schladming, Austria. Raich put in a blazing second run

to take the lead. The steep and twisty course claimed seven of the top 30 racers. Raich, at his first full season on the World Cup tour, completed the two-run race in one minute, 33.32 seconds. Pierrick Bourgeat of France was second, 0.12 of a second back. Kjetil Andre Asmodt of Nor-

way was third in 1:33.51. (AP)

NEW YORK - The National Basketball Association's board of governors unanimously approved the settlement with the players' union Thursday, clearing the way for the season to start in early February.

The 29-0 vote by the owners came one day after the National Basketball Players' Association union ratified the agreement to end a six-month-old lockout.

The vote was not immediately announced by the NBA, but it was confirmed by Richard Peddie of the Toronto Raptors' ownership group.

The board of governors is made up of

one representative from each of the 29 ownership groups.
The lockout will remain in effect until

the agreement is put into written form, a process that could take up to 10 days. "We can exhale now, without a doubt," said Alonzo Mourning of the Miami Heat. "The deal is done, and we can just focus our mind right now on starting back up again."

Before the season can begin, there will be a three-week frenzy as teams scramble to fill rosters, make trades and sign some of the 200 free agents while running abbreviated training camps that will open around Jan. 17.

The free agents include Michael Jordan, who has talked about retiring. Under terms of the new agreement, Jordan, who made about \$33 million last year, could re-sign with the Bulls for about \$34.7 million. No other team can offer him more than \$14 million.

"Michael is going to analyze the deal, see what Chicago wants to do and then make an informed decision," said his agent, David Falk. "I'm not certain what his time frame is."

Mike Wise of The New York Times

reported earlier:
An abbreviated NBA regular season of about 50 games — there are 82 games in a full season — will begin no earlier than Feb. 2, with a full complement of playoffs beginning in early May. The regular season could be extended by one to two weeks, but the playoffs will certainly end before July 4.

The games not played this season translate into total player salary losses of about \$400 million; leaguewide revenue losses also ran into the hundreds of millions of dollars.

The crux of the disagreement for the past six months has been how to divide the \$2 billion in annual revenue that the

Although both sides made some concessions at the end, the league achieved its main goal of containing the contracts of high-salaried players, and it received some unprecedented concessions from the union

The league won a maximum salary provision. No other professional sport has a limit on individual salaries.

It also eliminated some of the loopholes to its salary cap that had sent salaries skyrocketing in the last five years, and it refused to yield to the union's request for a greater percentage



Billy Hunter, director of the players' union, after reaching accord.

In the end, the union was left to try to keep some of the terms that had provided its players the highest average salary in pro sports, \$2.6 million. It also achieved its stated priority of significantly bettering the economic position of its middle-class players, those close to earn-

ing the median salary of \$1.3 million. The union will receive 55 percent of total revenue toward salaries in the last three years of the seven-year deal. That was less than the players had hoped for. Still, it was better than the prospect of no season and many more millions of dollars in lost paychecks.

Given that the NBA came perilously close to becoming the first major sports league to lose an entire season to labor strife, many players considered the surprise announcement Wednesday fortu-

nate.
"I got a call at 6 A.M. in my hotel room this morning and I couldn't believe it.' said Joe Kleine, a free agent center. "We will finally play again. Now we have a bigger job ahead of us: getting our fans back."

Kleine was one of the 179 players who came to New York on Wednesday for a vote called by the union's ne-

gotiating committee.

David Stern, the NBA commissioner, had rejected the union's final proposal Monday, and Billy Hunter, the union's executive director, succumbing to internal and external pressure to hold a vote, summoned the players to New York.

Though he said he still considered the owners' offer inadequate, Hunter said he would put the issue before the general membership. It was a risky move that might have led to uneasiness in the union, prompting it to resume discussions. Amid talk of mounting displeasure, the players flocked to New York unsure of the parameters surrounding a vote.

But what was supposed to result in a tense and potentially divisive debate on the union's position instead turned into scenes of relief in and around the General Motors Building on Fifth Avenue, where the players had gathered at the offices of the union's law firm.

Hundreds of reporters and fans

mingled inside and outside the building, fighting to talk to the players as they exited the building after voting, 179-5 to approve the agreement, upon the unanimous recommendation of its ne-

gotiating committee.
"Did we blink?" Hunter said. "I

guess we both blinked. The decisive talks began Tuesday after Hunter asked one of the union's outside counsels to go over to the league's offices in the evening to meet with the deputy commissioner, Russ Granik, and present several concessions to the league. Negotiating secretly in a conference

room at the league's Olympic Tower offices, the two sides exchanged a list of their desires. When they came to a disagreement, Hunter said, they moved on. In reaching an agreement with the league, Hunter avoided the heated confrontations that could have taken place with 210 of the league's 430 players in one room and under so much strain. With financial futures and playing careers dependent on the outcome of a vote, players were concerned before the confrontation Wednesday that teammates would be pitted against each other.

The carnage was avoided. But the damage of this labor dispute on the

union could linger. After agreeing to a deal that many argue is only minimally better than the one the league had been offering all along - and at a cost of almost \$600 million in player salaries — Hunter's leadership has been put into question, and his future is uncertain.

About-Face for Imperious Commissioner

New York Times Service
TEW YORK — With a salvaged season and unprecedented union concessions in his pocket, David Stern took the longest elevator ride of his 15-year life as commissioner, from the low ground he had taken in dealing with his desperate players, to the 25th floor of the Fifth Avenue high-rise where about half of them were waiting.

Stem had with him his loyal deputy, Russ Granik, and two National Basketball Association security guards, Horace Balmer and Larry Richardson. He had a message that he wanted to share, one last hand to play, but he did not know what awaited him Wednesday afternoon inside the law office of Weil Gotshal & Manges

There, about 200 of the National Basketball Association's players glimpsed in David Stem's face what they had never once seen across the bargaining table. They saw doubt.

When he first walked in" said Nick Anderson of the Orlando Magic, "you could see this funny look on his face, like he was thinking, 'What kind of reception am I going to get?' He had to be thinking, 'What do they think of me being here?' "

A few players, Charles Oakley for one, did not think much, did not want to hear what Stern had to say, and left. Most of them remained, though, as Stern broke the ice by introducing Granik as "the designated bad guy," before launching into a speech about how the day had marked the end of a long blood fend.

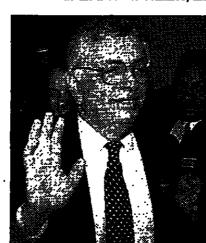
"He said thank you to the players for saving the season and thank you to Billy Hunter and Patrick Ewing for being courteous during the negotiations," said Kevin Johnson, who is about to become a free-agent guard in what promises to be a freewheeling January market. "He said, 'It's our time to get back together.' And then he said, 'We're all part of the same family.''' Back on the high road, back in control Vantage Point /HARVEY ARATON

of his tarnished product, Stern finished to a round of applause. What a difference the imminent return of a paycheck, a few dozen adoring fans in the lobby and a slightly less imperious Stern had made.

In the end, knowing he had the players where he wanted them, Stern finally moved off the mountain he had climbed atop last month. He accepted an 11thhour appeal by Hunter, the union's cornered executive director. He threw the players the necessary collective bargaining scraps that allowed them a measure of dignity, and after voting overwhelmingly to play, they were back in the mobbed lobby by late afternoon, feeding on their fame.

The players wore small blue buttons inscribed with the word "solid," and tried their best to discount the fact that, on top of half a season's pay lost, they had swallowed cost controls that will reduce many top salaries by teas of millions.

Gone was the mood of defiance, the



David Stern, the NBA commissioner, after meeting with the players. talk of principle. One by one, the players descended from the 25th floor, and said. no, they did not have anything personal against Stern. This was about business,

and he was doing his job. "We had players working for us," said Michael Curry, a member of the players' negotiating committee. "David was on the strings of the owners."

This was an interesting, new portrayal of Stern, as the basketball owners' marionette. For years, while commissioners in other sports were pilloried as owner stooges, Stern managed to cast himself as the spiritual leader of the global bas-

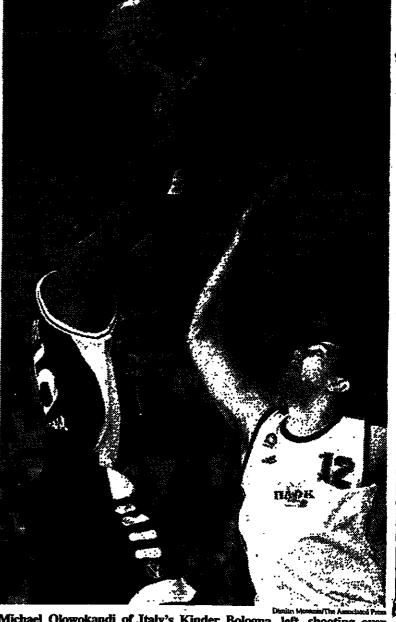
ketball revolution, representing all.
"Easy Dave," he once called himself. The players' partner. Then his league grew more crowded, more corporate. At the end of the century, Stern, more than a commissioner, now goes about his work like any other coldblooded chief executive officer.

"A tyrant, a bully," one of the agents, Steve Kaufmann, said, when asked how players might now view Stern. "But then, they're so relieved they probably won't even care."

Like any other calculating executive, Stern realized that, in the end, people just have to work.

Once, when Stem was a rising young attorney at a New York firm, he did pro bono work for a group in his town, Teaneck, New Jersey. The group was engaged in a landmark lawsuit against real estate brokers accused of racial steering, the illegal practice of showing whites and blacks homes in distinctly different areas. Stern helped win the lawsuit, but soon left Teaneck for a less contentious town, defining success in more upscale ways.

"Easy Dave" always tried to be one of the guys. On Wednesday, the finished corporate product left the Fifth Avenue high-rise and marched up the street, bodyguards on both sides.



Michael Olowokandi of Italy's Kinder Bologna, left, shooting over Antonio Morales of PAOK Salonika on Thursday. A day after the NBA dispute was settled, Olowokandi, a center, became the first No. 1 pick in

The Fine Print of League's Agreement

Details of the tentative collectivebargaining accord between the National Basketball Players Association and

Length of agreement: Six years, with league option for a seventh.

Escrow system: Takes effect in the fourth year of the deal to allow owners to achieve more cost certainty on their biggest annual expense: the salaries of their best players. Under this system, 10 percent of player salaries will be placed in escrow. If total league spending ex-ceeds an agreed-upon level, the league will get back, dollar for dollar and with interest, the amount of the overage. Any remaining money will go back to the players, with interest.

Salary cap: A ceiling of \$30 million this season on team payrolls, \$34 million in 1999-2000 and at least \$35.5 million in 2000-2001. Then, in the escrow years, the cap will be 48.04 per-

cent of revenue for the previous year. Revenue split: No limit to the amount players can receive in the first three years. Players receive a maximum of 55 percent in years four, five and six; 57 percent if league exercises option for NBA New Minimum Salaries 7th year \$600,000 8th year \$662,500 9th year \$725,000 Rootdes \$287,500 2nd year \$250,000 3rd year \$425,000 4th year \$450,000 5th year \$475,000 6th year \$537,500 10th year \$850,000 11th year \$1 million

Meximum salaries: \$9 million, \$11 lion in the first season. The teams also million and \$14 million guaranteed in can use an existing \$1 million biannual first year of the deal, depending on the number of years in the league. Players currently above the limit can receive a 5 percent increase above current salary in the first year of a new contract.

m salaries: The league increased the entry-level minimum and both sides compromised so that any player at minimum salary is guaranteed \$1 million going into his 11th season. Minimum salaries above \$500,000 will be paid from a leaguewide fund, protecting older players from being cut so teams can save money.

Longth of Individual co years for players with the Larry Bird exception, a provision that allows a team to exceed its salary cap to re-sign a player; six years for all other free

Bird players, 10 percent for all others. Exceptions to salary caps All teams will have the right to sign three additional players every two seasons, even if they are over the salary cap. Teams over the limit will be able to sign one player each year under the "middle-class exception," for up to \$1.75 mil-

exception to sign players under the new Recitie wage scale: Three years with an option for a fourth year and a right of first refusal when a first-round draft choice becomes a free agent after the fourth season.

Drug policy: Marijuana has been added to the list of banned drugs, and violators are now subject to rehabilitation programs, fines and suspen-

Player misconduct: Increased penalties for drunken-driving violations, not reporting after a trade, and missing practices and public appearances.

Miscellaneous: Players will continue

to be able to negotiate a contract whose conditions allow them to opt out of the terms, becoming a free agent, within certain limitations.

the NBA draft to make professional debut outside North America. No. 1 Pick Stays in Europe, **And Loses on His Pro Debut** Olowokandi May Miss Start of His First NBA Season

SALONIKA, Greece — The National Basketball Association's top draft pick is staying in Europe for the

in the June NBA draft, jumped to the Italian team Kinder Bologna in the final days of the lockout. He will stay with the European club champion at least until Feb. 15, the team said Thursday. The 7-foot-1 (2.16-meter) center from Pacific University made his professional debut Thursday for Kinder in a Euro League game against PAOK Salonika of Greece. He scored 14 points as Bologna lost, 71-57.

"He has a contract with us until February 15," said Roberto Brunamonti, vice president of Kinder. 'We have many important games be-

soon as his time at Kinder is up, Brunamonti said: "He might." Olowokandi, 23, joined the Italian

team Tuesday, signing a deal with an

Mother Medical

time being.

Michael Olowokandi, the No. 1 pick

escape clause that allows him to leave on or after Feb. 15. Olowokandi was drafted by the Los Angeles Clippers.

Marco Angrisani, a Kinder spokesman, said Olowokandi would honor his contract "no matter what." He said the club hoped to keep him until the Euro League Final Four in April. Vlade Divac came out on top in the battle of NBA centers in Beigrade. Divac's Red Star, which had been last in

Group E, beat Zalgiris Kaunas, for whom Arvydas Sabonis was making his return, 77-69. Divac scored 16 points. Vinny Del Negro, a guard who played for the San Antonio Spurs last season, will stay with Kinder's rival TeamSystem Bologna at least until Asked if the center would leave as Jan. 31, his team said Thursday.

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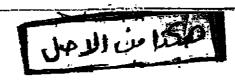
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SPORTS

Magistrate Season Jails Madrid Coach on Fraud Charge

MARBELLA, Spain - Jesus Gil, the mayor of Marbella, was jailed Thursday on suspicion of funneling public money to Atletico de Madrid, the soccer team

Judge Santiago Torres, an investigating magistrate in the Mediterranean resort, ordered Gil held without bail for

EUROPEAN SOCCER

alleged embezzlement and fraud, Spanish news agencies reported. Gil's lawyer, Jose Luis Serra, said he would file an appeal and denied the

Gil, speaking to reporters as he entered prison in the town of Alhaurin de la Torre in Malaga Province, dismissed the judge's move.

charges against his client.

"Everything is fine, and I am re-laxed," he said. "I am going to jail. This way the lynching campaign against me

A Spanish anti-corruption prosecutor said there was evidence that in 1991 and 1992 Gil diverted 450 million pesetas (\$3.1 million) to Atletico Madrid. In October, police raided the Marbella city hall and the team's offices in

Madrid. No arrests were made. Gil is also waiting to find out how much he will be fined for accusing the chairman of Barcelona, Josep Lluis Nunez, of "buying off" referees. A court ruled that Gil had made "insidious insinuations" and "directly offensive

comments" during a radio interview. FRANCE The World Cup finals in France last year made a pretax operating profit of 350 million francs (\$61.9 milon), sources close to the French government said Thursday.

Following taxes and payment to the European Union of a fine for irregularities in ticket sales, the net profit should be about 200 million francs, the

The World Cup organizing committee is to be dissolved Tuesday, exactly six months after France beat Brazil, 3-0, in the final, opening proceedings for the distribution of profits. Some will go to the French government, which spent about 5 billion francs on infrastructure

for the tournament. FTALY Juventus, playing with 10 men, scored a late goal to gain a 1-1 draw with AC Milan in a fiercely-competitive Serie A match Wednesday.

Milan dominated the first half and Albertini. Daniel Fonseca leveled for

the champion in the 84th minute Paolo Montero, the Juventus defender, received a red card after 67 minutes for a hand ball. It was his 12th red card in Serie A, a record. Montero had been tied with

Giuseppe Bergomi, who has played 19 seasons with Inter Milan. Alberto Zaccheroni, the Milan coach,

said he was unhappy with his team. "I gave my players a real good talk-ing-to," he said. "You can't do what they did in the second half, which was for everyone to fall back and try to defend. This team was built to attack, and that's the mentality I want people here to have: Attack, then go for the second goal, then go for the third goal. 'I want them to play like they did in the first half, when they had Juventus on

The Panthers' Radek Dvorak, foreground, racing past the Avalanche defenseman Eric Messier in a game that ended in a 2-2 tie.

Carbonneau Aids Stars' Cause With First Goal in 44 Games

The Associated Press Guy Carbonnean ended his scoring drought with perfect timing. His first goal in 44 games broke a tie with 6:49 remaining and put the Dallas Stars on course for a 6-4 victory over the visiting Vancouver Canucks.

"I know I'm not going to score 20 or 30 goals like I used to," said the 38year-old center after helping the Stars

NHL ROUNDEP

to their 15-game unbeaten streak. "But when you go that long without scoring, you rush your shot. 'Tonight I had a good chance, took

my time and scored on it." Carbonneau lifted a rebound over the fallen Canucks' goaltender, Garth

Snow, for his first goal since March 29 to give the Stars a 5-4 lead. Jere Lehtinen added an insurance

goal with 4:35 remaining. "As excited as the players are about about Carbo's goal," said Ken Hitch-cock, the Dallas coach.

period, lost its seventh straight game.

to six games. Tugnutt made 24 saves as the Detroit failed to score at home for the first time since Felix Potvin, the Toronto

goalie, blanked them last Jan. 21. In the second period, Tugnutt made two big saves on Steve Yzerman and two more on Martin Lapointe.

Devils 5, Rangers 2 Randy McKay scored twice and Martin Brodeur made some game-saving stops as New Jersey won in New York to continue its domination of the Rangers.

The Devils have not lost to the Rangers in 13 regular-season games. Brodeur made 30 saves, including reat efforts against MacLean, Adam

Panthers 2, Avalanche 2 Scott Mellanby tied the game with 39 seconds left, the second of two third-period goals that gave Florida a tie in Denver.

sixth skater on the ice and was rewarded when Mellanby deflected his game-tying goal past Colorado's goalie, Marc Denis, res 3, Mighty Ducks 2 Michael Peca

Vancouver, which led 2-0 after the first Buffalo a comeback victory in Anaheim. Dixon Ward lost his balance behind Senators 2, Red Wings 0 Ron Tugnutt, the Mighty Ducks' goal, but managed a the Ottawa goalie, had a shutout as the Senators extended their unbeaten streak

Graves and Wayne Gretzky.

Florida pulled its goaltender to put a

scored 29 seconds into overtime, giving

Steinbrenner Makes Peace with Berra

The Associated Press brenner flew from H
NEW YORK — Joe DiMaggio, Jersey to meet Berra.
fighting cancer in a Florida hospital, The feud began wh New York Yankees owner, to end his fend with Yogi Berra, a former Yan-kee teammate of DiMaggio's.

After visiting DiMaggio, Stein
After visiting DiMaggio, Stein
After visiting DiMaggio, Stein-

brenner flew from Florida to New The feud began when Steinbrenner persuaded George Steinbrenner, the fired Berra as manager in 1985. "Fourteen years, I'd say, is long

An Identity Crisis for NFL Europe

Despite Many Alumni Playing in the U.S., League Is Struggling

By Mike Carlson Special to the Herald Tribune

LONDON - Many of the players competing in the National Football League's divisional playoffs this weekend will be doing more than trying to reach the Super Bowl. They will be trying to enhance the credibility of a league that fields teams thousands of miles away.

These are players who served an apprenticeship in the NFL Europe, formerly known as the World League of American Football. After nine years and seven seasons, the league is still fighting for survival. Its contracts with the NFL and Fox television will end after the 1999 season, and the league has struggled financially. But it has succeeded as a training ground for NFL

players, especially quarterbacks. Yet few in the United States seem to

The matchup Saturday between the Denver Broncos and the Miami Dol-phins will showcase 11 NFL Europe veterans. They include Mark Dixon, the Dolphin guard who relaunched his career and won a World Bowl ring with the Frankfurt Galaxy in 1995. He eventually made it to Miami's starting lineup as part of Coach Jimmy Johnson's attempt to upgrade the team's blocking against the run. Two other former World League offensive linemen, John Bock and Mike Sheldon, are also with

Should Miami get to the Super Bowl, Dixon could become the sixth player to earn both Super Bowl and World Bowl

Two of his Denver opponents, Chris Banks, a guard, and George Coghill, a safety, already have both.

"The Super Bowl ring is the ulti-mate," said Coghill, who won the World Bowl with the Scotland Clay-

mores in 1996. "But the World Bowl Bicknell said. "He had a full season of ring means more to me, because that

was my team.'' Keith Traylor, a starting defensive tackle for the Broncos, went head to head with Dixon in 1995 while making the conversion from linebacker to tackle for the Barcelona Dragons.

"He was a natural," said Sam Clancy, a former NFL player and the Dragons' line coach. "it's no coincidence the Broncos won the Super Bowl after they added Keith and Neil Smith from the Chiefs last year."

In spite of the number of players they have sent to the NFL, officials of NFL Europe are perplexed by the lack of the league's recognition in the United States. The two most celebrated recruits from other leagues this season have been Doug Flutie, the Buffalo quarterback who returned from the Canadian Football league, and Oronde Gadsen, a Miami wide receiver who had been playing in a U.S. indoor football

don't know what we've got to ' said Jack Bicknell, head coach of the Barcelona Dragons. "Doug Flutie comes back from Canada, and everyone takes notice. Oronde Gadsen makes it from the Arena League, and everyone says, 'Wow.' But there are dozens of our players making an impact this season, without any fanfare.

Bicknell, who coached Flutie at Boston College, says another of his quar-terback protégés, Jon Kitna at Seattle, is a good example.

When Kitna took over from Warren Moon as the Seattle Seahawks' starter, many were amazed at the poise shown by an unknown player from Central ashington University.

"They forgot he took the Dragons to the World Bowl title in 1997 and was the MVP of the championship game,"

Colgate 72. Holy Cross 53 Novy 57. Bucknell 53 Temple 70, St. Bonaventur Ala.-Birmingham 73, Mart

Tennessee 93, LSU 58

Ala.-Birminghan 73, Marquett Florida 90, Vanderbill 59 Georgia 63, Mississippi St. 60 Mississippi 78, Alabama 60 Mew Criesus 57, South Alabam

Missouri 78, Kansas St. 73 Oktohoma 78, Texas Tech 68 outi 78, Ka

Southern Meth. 108, Hardin-Texas 71, Jown St. 45 Denver 103, Air Force 85

No. 7 Tex. Tech (13-1) def. Okt

EUROLEAQUE

pro experience as a starter already."

There were 139 ex-NFL Europe players in the NFL this season. A growing number were starters, including six quarterbacks.

Quarterbacks may be the key to NFL Europe's survival. Scott Mitchell, the Detroit Lions' starter, played in for the Orlando Thunder in the World League in 1991-92. Brad Johnson, a former London Monarchs' player, was the Minnesota Vikings' starting quarterback and threw four touchdowns in the season opener before injuries gave Randall Cunningham the opportunity to turn in a brilliant season.

The Vikings have seven ex-NFL Europe players, including Everett Lindsay, who blocked for Kitna in Barcelona and probably has shorter odds than Mark Dixon of doing the championshipring double.

Jamie Martin, an NFL Europe alumnus, showed the value of game-tested backup quarterbacks when Mark Brunell, the Jacksonville Jaguars'

starter, was hurt. But NFL Europe's success in developing players only highlights its confused identity. Is it a developmental league, an overseas exhibition or a marketing device for promoting American football? Can it do all three to the sat-

isfaction of its various masters? The World Bowl drew 49,000 fans to Frankfurt last season as the hometown Galaxy lost a German derby to the Rhein Fire of Duesseldorf. Both teams showed operating profits, and with a highly successful domestic amateur league, Germany has replaced Britain as Europe's gridiron hotbed.

This was reflected when the league suspended the money-losing London franchise and added a third German

COREBOARD

ICE HOCKEY **NHL Standings**

New Jessey

N.Y. Romgers

First Pariod: New York. Harvey 10
(K.Stevens, Schneider) (pp). 2. N.J.Albartson 5 (McKay, Odelein) (pp). 3. New
York, MacLean 13 (K.Stevens, Scram) (pp).
Second Pariod: N.J.-Pandoiffo 10 (Demn) 5.
New Jessey, McKay 9 (Redefininger, Holla)
6. N.J.-McKay 10 (Robiston, Niedermayer)
Third Pariod: N.J.-Elaos 6 (Montison,
Odelein) Shots en gods N.J.- 12-7-10-29.
New York 6-12-14-32. Godfies: N.J.Brodeur, New York, Richter, Clouffer.

Pirst Period: O-Dockell 9 (York, Yashin)
(pp), Second Period: None. Thirt Period: O-Kravchek 2. Shets en gost: O-13-7-10—30. D-7-11—24. Gedlies: O-Tugmert. D-Osgood.

Testing V-Nostrad 20 (McCabe). 2, V-Nostrad 21 (McCabe). 2, V-Nostrad 21 (Mactalt, Hedicart) (pp.). 3, D-Modano 13 (Zubeu, Sydor) 2d Perfect D-Hull Modamo 13 (Zubau, Sydor) 24 Period: D-Hull
14 (Modamo, Sydor) (pp). 5, D-Sydor 10
(Modamo) (pp). 6, V-McCabe 4 (Messier,
Neskund) (pp). 34 Period: V-MucCabi 13, (sh).
8, D-, Mathichuk 3 (Carbonnecu) (pp). 9, DCarbonnecus 1 (Verbeek, Reid) 10, D-Lehffnen
13 (Chombers) Shots on goal: V-5-7-8-20, D9-6-13-28, Goallies: V-Snow, D-Bellour.

First Period: C-Sakic 13 (De

Anahetta 1 1 0 8—2
First Peried: B-Varoda 4 (Rosmessen,
Ward) 2 A-Rucchin 12 (Sciarne, Kurha)
Secend Peried: A-Sciarne 19 (Sale),
Rucchin), Third Period: B-Grosek 17 (Salan,
Rucchin), Charlinges 5, B-Pean 13 (Ward
Varada), Siests on geal: B-5-6-7-1—19, A-109-6-0—25, Godiles: B-Hasek, A-Hebert.

BASKETBALL WEDNESDAY RESULTS

No. 1. Conn. (12-6) def. Boston Coll. 91-78. No. 2. Duke (14-1) def. Go. Tech 99-58. No. 3. Chadanasii (14-0) def. DePoul 87-64. No. 9. Paratue (13-2) def. Penn State 70-67. No. 1, Perrisue (12-2) def, Perm Stufe 70-67. No. 10. St. Johns (12-2) lost to Alkemi 84-79. No. 11. M.C. (14-3) def, Florida St. 72-54. No. 12. Michigan St. (11-6) lost to No. 24 Wisconsin (13-3) 66-51. No. 14. Admin (14-3) def, No. 19 Art. (11-3) 83-66. No. 14. Mirm. (1-2) lost to Northwestern 38-56. No. 14. Mirm. (1-2) def, Doylor 66-62. No. 22. Oldshoom St. (04-3) def. Tex. A&A 64-99.

SOCCER ITALIAN FIRST DIVE

AC, Materi E Jevernos / STAMBUNGS: Florensina 32 points: Pernx 29; Luzio 26; AC Milan 26; AS Roma 24; Intel Milan 24; Juventus 22; Balagna 21; Barl 21; Penugia 19; Udinese 19; Cagliari 17; Piocenza 17; Sampdoria 14; Empoli 12; Vicenza 12; Salemitana 12: Venezia 11. SPANISH FIRST DIVISIO

Real Madrid 3 Salatnanco 1 STANDINGE: Mallorco 29 points; Cella \ 28: Real Madrid 28; Valencia 28; Atla Deportivo Coruna 24; Real Zaragozo 24; Oriedo 24; Real Sociedos 22; Real Belis 22; Espanyol 20; Villamedi 19; Rocing Santander Espanyol 20; Villaneal 19; Racing Santander 18; Valladolid 18; Salamanco 15; Alaws 15; Extremodura 15; Yenerife 13.

TENNIS HOPMAN CUP

RSDAY IN PERTH, AUSTRAL

AUSTRALIA 2 FRANCE 1 no Dokic, Australia, del Sanc ance, 6-1, 6-3; Mark Philippou Testud and Room del. Dokic and Phil

SOUTH AFRICA 2, ZIMI Amanda Coetzer, South Africa, def. Cora Black, Zimbabwe, 6-3, 6-4. Wayne Ferreira, South Africa, def. Wayne Black, Zimbabwe, 7-5, 7-6 (7-4). Caro and Wayne Black def. Coetzer and

SWYTZERLAND 2, UNITED STATES 1 Mariina Hingis, Switz., det. Lindsay Dav aport, U.S., 6-3, 5-7, 6-2; Jon-Michael Gash

TRANSITIONS

MAJOR LEAGUE BASEBALL

rn rssunser—Announced that gernard unager Craig Patrick has added titles of sident and chief executive officer.

оню стате-Апр ton will enter NFL draft.

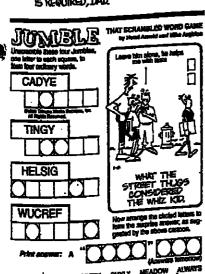
WEST VIRGINIA Announce ereque will enter NFL druft.

DENNIS THE MENACE

(Reuters, AP, AFP)



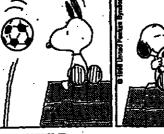
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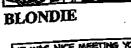












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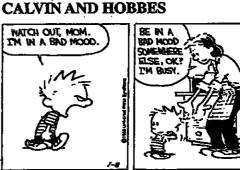
MAD AT YOU!!

SIR, I'M REALLY, REALLY









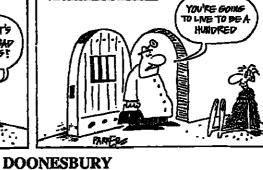






WIZARD of ID





NON SEQUITUR









Home on the Plane

POSTCARD

By Sam Howe Verhovek New York Times Service

Bruce Campbell has will be largely obscured by dall the jokes, thank you stands of Douglas firs. heard all the jokes, thank you very much. He knows he has

locked and upright position. Those are the kinds of com-Campbell has done. The jet-liner, which logged 43,000 calls an "incredible waste." flights in nearly 30 years of service for the Greek carrier part of a fuselage will be used Olympic Airways, now sits at to house students in a remote the muddy fairgrounds of this school district or perhaps suburb west of Portland, disserve as a restaurant. And at mantled into four sections: the 153-foot-long main body, the tail and the two wings.

Those sections will soon be moved by tractor-trailer to Campbell's wooded property 12 miles away, where they will be reassembled and turned into a man's castle. It is, as Campbell, a 49-year-old electrical engineer and selfproclaimed "lifelong nerd." enthusiastically describes it, "an aerospace-quality sealed pressure canister with struc-tural attributes that would put sold seats for \$50 a row.

a common home to shame. Or, as a real estate broker might put it, the roof will nev-

salvage company for But maybe not. \$100,000, have generated few complaints from neighbors of his rural property, where he now lives in a trailer. Many there seem far more and clean.

worried about the creeping sprawl of subdivisions than TILLSBORO, Oregon — the prospect of a 727 parked amid his 10 acres; where it

The new home currently bought himself a real fixer- has no power at all: The salupper. He knows his project vage company removed the will never fly - not anymore, jets and a lot of other equipthat is. When guests come to ment just after it made devisit at his new home, they will livery to Campbell with a fiinevitably ask whether they nal flight of the 727 into the have to keep their safety belts Hillsboro airport two months fastened, and whether it is ago. But he already has all the time to return their chairs to a permits he needs to turn the plane into his home.

Most commercial airliners ments a man will get when he come to an ignominious end. buys a used Boeing 727 to Once they are out of service, live in, which is exactly what the bulk is melted down for scrap, a process that Campbell

> In rare instances, though least one other person has done what Campbell plans to do. Jo Ann Ussery, a retired hairdresser in Mississippi. bought a Continental Airlines 727 a few years ago and turned it into what she calls her "dream home," with three bedrooms and one and a half baths.

> Campbell has removed the overhead storage bins from all but four rows of the orig-inal seats, some of which still have the safety instruction card and a "motion discom-

It is possible that he will build a deck on top of one of Campbell's plans for the the wings once the whole plane, which he bought from plane is put back together.

"I want it to look like a fully operational aircraft," he explained "They look so sexy when they're complete

American 'Geisha': Culture Shock in Japan

By Sheryl WuDunn New York Times Service

TOKYO — It appears to be the Great Japanese Novel: the tale parlays a pair of beautiful gray eyes price when her virginity is auc-

But the story actually was written in English by an American man, Arthur Golden, and published in 1997 as "Memoirs of a Geisha." The novel, which has spent 58 weeks on The New York Times best-seller list and has appeared in 26 foreign languages, is finally being prepared for publication in Japan this year.

Great Japanese Novel into Japanese turns out to be a good deal more difficult than anyone had ex-pected, and the Japanese are likely to be among the last people who get

The tradition of geisha — reto read it. "There have been a lot of fined and artistic entertainers who this novel," said Yoshiki Nishi-Bungei Shunju, the Japanese pub-

Colloquial English has to be rendered in various Japanese diainto proper Japanese idioms. The elderly voice of the geisha, Sayuri, has to be distinct from the youthful one, and the characters in the fish-ing village of her childhood need to speak the right local dialect.
The difficulties with dialects, and

especially of accurately portraying the refined, scarcely known lapa-nese used by top geisha, led four translators to reject the job after they read the novel. But there was a push for a speedy translation from the Japanese people involved in the production of a film version of the book, to be directed by Steven Spielberg. It now seems that the book will not come out in Japanese until late this year. Moreover, the film has been delayed, lifting some of the pressure for the Japanese translation

A year ago, Nishiyama turned to Takayoshi Ogawa, a scholarly ex-pert in American literature, to trans-form the novel into Japanese. Ogawa, an English professor, emof a poor fisherman's daughter who barked on it soon afterward - between classes three days a week and into a career as one of Japan's most other translation projects. "This is bewitching geisha, setting a record a once-in-a-lifetime experience for me," Ogawa said. "I knew it would be difficult, but I also knew it

would give me lots of pleasure." Ogawa and Nishiyama acknowledge that they were a bit at sea in working on the novel, for neither had ever met a true geisha.

For most of us, geisha are not a part of our lives," Ogawa said in his thoughtful, deliberate English. ing prepared for publication in Ja-an this year.

The problem is that turning the ireat Japanese Novel into Japa-it would be hard to translate."

Ogawa realized that he did not know enough about geisha to render the novel into credible Japanese.

problems, a lot of difficulties with dance, play musical instruments, exude charm and sometimes share yama, the translation editor at their bodies - has lasted for more than two centuries, and their liaisons with Japanese samurai and politicians are legendary.

"The Japanese, they must view lects. Japanese-sounding American expressions have to be turned into proper Japanese idioms. The view from Boston. They must think it a strange thing that an American man has written this book."

To complicate the translation, Golden's story is not just about any geisha. It is about the geisha of Gion, in the ancient capital of Kyoto.

Gion has fewer than 100 geisha number a few decades ago, and it is still famed for its teahouses, its narrow streets and its role in Japanese tradition. "Gion is a very special place for the Japanese," said Nishiyama. "It's a very private area. The language is very special.

For starters, Ogawa had to learn the geisha expressions of Gion. Japanese term, misedashi, which is
Having the geisha speak in more not generally used outside of Gion.

At one point in the story, the mistress of the house where Sayuri ordinary Japanese would have Similarly, there is a special Gion lives in Gion scolds a maid, saying,



these days, a tiny fraction of its Arthur Golden, the author of "Memoirs of a Geisha."

seemed out of place to a Japanese term, o-hirome, for making a new reader, Ogawa said.

Golden uses the term "debut"

geisha known in certain circles.

Now, Ogawa has built a data for the time a young apprentice base of Gion phrases, culled from makes her first appearance as a books, articles and other resources, geisha and becomes a member of which he stores in his computer. that world. After a bit of digging, And there are many other phrases in Ogawa discovered the appropriate the book that demand deliberation.

"You'll have no dried fish for six weeks." To Ogawa, "six weeks" sounded too precise, too business.

like and not very Japanese. So he plans to change it to "a month." "It never occurred to me that someone would be translating it into Japanese," said Golden, "I'd probably, have been a lot more self-

conscious than I already was."

Ogawa needed a contact close to Gion. It took a great deal of wrig-gling for the translators to work their way into a geisha circle. "We had to use every connection we could," said Nishiyama. And hick

Nishiyama asked a friend in the personnel department of his company to comb the company for any ties to Gion. Exasperated he voiced his frustration to a receptionist, who happened to have a friend in the sales department who just might know someone in Gion. He did, and they found one con-

Meanwhile, a former geisha contacted Nishiyama as a candidate for the translation job. Nishiyama couldn't offer her the job, but signed her on as a key consultant. another connection to Gion. Then. Nishiyama turned to friends of Golden's, and they put him in touch with a Gion-born fashion designer, who introduced him to a third woman, a former geisha.

With these three ties, Nishiyama and Ogawa made their first pilgrimage to Gion to see the world that Ogawa was rendering into Jap-anese. It was September, and Ogawa was more than halfway through his translation.

Although Ogawa expects to fin-ish the translation by March, the book, which will probably be called 'Sayuri" in Japanese, is not scheduled for publication until September. But Nishiyama argues that quality is more important than speed.

'If a Japanese reader finds a strange expression in the translation, the story would lose the power of reality," Nishiyama said, "It, would lose the power of the fiction



KEEP ON TRUCKIN' — Jumber Lezhava, a university professor from Georgia, passing the Paris Bourse on Thursday as he continued his effort to bicycle across 227 countries. He has, he says, crossed through 147.

a decade on the Chrysanthemum Throne on Thursday and visited imperial tombs to commemorate the 10th anniversary of the death of his father. Akihito, 65. accompanied by Empress Michiko, prayed before Emperor Hirohito's fomb at Musashino Mansoleum on the outskirts of Tokyo. Other, private commemorative rituals were planned. In the 10 years since succeeding his father, Akihito has sought a new role for an imperial household that over the years had lost much of its appeal to the younger generation.

er has accepted a marriage proposal from the songwriter Jerry Laseter, a Tucker spokeswoman said. The couple will exchange wedding vows in a chapel Tucker is having built at her home near Nashville, Tennessee, for the ceremony. They have not set a date.

Showcasing luminaries like Joseph-

PEOPLE TAPAN'S Emperor Akihito marked ine Baker, Sidney Bechet, Cole Porter and Man Ray, the Smithsonian Institution's 1997 exhibition "The Jazz Age in Paris, 1914-1940" is taking to the road. Three reduced versions of the original, each featuring nearly 100 evocative images of artists and entertainers, posters and other memorabilia will visit 20 states. The show highlights the contributions to jazz of American expatriates.

> The photographer and Nazi-era pro-paganda filmmaker Leni Riefenstahl has decided to visit Germany's first retrospective exhibition of her work, encouraged by the public's positive reaction to the show. Riefenstahl will visit the Film Museum in Potsdam, on the outskirts of Berlin, before the exhibit closes Feb. 28, a museum spokesman said, according to Berliner Morgenpost newspaper. Riefenstahl, 96, was a pariah after World War II for making Nazi films such as "Triumph of the Will." but she regained a measure of respect for her photos of the Nuba tribe in Africa

in the 1970s and retains an international livered with his trademark deadpan grin, celebrity status for her idealized portrayal of human physical beauty.

Bob Newhart has a star in the Hollywood Walk of Farne. Newhart launched his career in 1959 with his two-way telephone conversation, de- Laudadio as director.

The 56th Venice film festival will be held from Sept. 1 to 11, the organizers said Thursday. It will be the first under comedy routine utilizing a one-man, Alberto Barbera, who succeeds Felice

Bob Newhart Show" and "Newhart,"

and went on to the TV sitcom's

Metallica Prepares for a Black-Tie Gig

The Associated Press

SAN FRANCISCO — The heavy metal band Metallica has a new gig, with the San Francisco Symphony. About 100 symphony members will back the band and the composer Michael Kamen for two performances of all-Metallica

songs at the Berkeley Community Theater on April 21 and 22. Kamen, who has worked with David Bowie, Eric Clapton and Pink Floyd says the Metallica project has been in the works for two years. "This is not going to be the easy-listening version of Metallica," he said. "The idea is to have Metallica be Metallica and the San Francisco Symphony be the San Francisco Symphony. I think there's more in common than there are differences.

What to wear when the metal crowd meets the black-rie bunch? "Maybe Metallica will be in black tie and the orchestra will be in . . . , " began Lars Ulrich, the drummer. "Black leather," the lead guitarist Kirk Hammett chimed in.



out of the blue

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